

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Ingham County	County Ingham County
Fiscal Year End December 31, 2005	Opinion Date June 29, 2006	Date Audit Report Submitted to State July 14, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

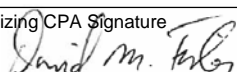
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input checked="" type="checkbox"/>	(Single Audit)		
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 517-787-6503		
Street Address 675 Robinson Rd.		City Jackson	State MI	Zip 49201
Authorizing CPA Signature 		Printed Name David M. Fisher, CPA		License Number 10337

# **INGHAM COUNTY, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

**Board of Commissioners:**

Victor G. Celentino, Chairperson

Lisa Dedden, Vice-Chairperson

Michael Severino, Vice-Chairperson Pro Tem

Debbie De Leon

Tina Weatherwax-Grant

Rebecca Bahar-Cook

Andy Schor

Dale Copedge

Marc Thomas

Curtis Hertel, Jr.

Mark Grebner

Dianne Holman

Deb Nolan

Randy Schafer

Steve Dougan

Don Vickers

**Prepared by:**

Financial Services Division

**Controller:**

A. Edwin Dore

**Independent Auditors:**

Rehmann Robson

# INTRODUCTORY SECTION

**INGHAM COUNTY, MICHIGAN**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended December 31, 2005**

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# OFFICE OF THE INGHAM COUNTY CONTROLLER

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June 30, 2006

## **To the Board of Commissioners and the Citizens of Ingham County:**

Transmitted herewith is Ingham County's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. Ingham County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Ingham County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representations concerning the finances of Ingham County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Ingham County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Ingham County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Ingham County for the fiscal year ended December 31, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Ingham County's financial statements for the fiscal year ended December 31, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Ingham County's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF INGHAM COUNTY GOVERNMENT**

Ingham County, 576 square miles and with a current population of approximately 280,000, is located in the south-central portion of Michigan's Lower Peninsula. The County is a focal point for Michigan's highway system, with major highways providing easy access to and from Detroit, Grand Rapids, Flint, Kalamazoo, and Ann Arbor. Commercial air service is provided from Lansing, and there is a network of rail freight service as well as Amtrak. The City of Lansing, located in the northwest corner, is the County's major population and retail center and the State Capital.

Ingham County is governed by a sixteen-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts that are approximately equal in population. The Board annually elects from its ranks a Chairperson, Vice Chairperson and Vice Chairperson Pro Tem by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Controller who is appointed by a two-thirds vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

Judges of the 30th Judicial Circuit and the Probate Court are elected at large for six-year terms, while the Judges of the 55th District Court are elected from the area of the County outside of Lansing and East Lansing. (Lansing and East Lansing both have their own district courts.) Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the County is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, deaths, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The County Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Controller, Health Officer, Medical Examiner, Equalization Director and Animal Control Director with responsibilities as defined by statute, County ordinance or resolution. The Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State law. The Medical Examiner serves as the Medical Director of the Health Department as well as performing the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law. The Animal Control Director enforces appropriate State law and the Ingham County Animal Control Ordinance with respect to insuring the public safety in animal-related matters.



The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Department of Human Services Board, the Board of County Road Commissioners, the Board of Park Trustees, the Capital Area District Library Board, the Economic Development Corporation Board, the Ingham Medical Center Board of Trustees and the Housing Commission. Appointments to advisory committees include the Women's Commission, the Equal Opportunity Commission, the Youth Commission, and the Board of Health. Finally, the Board also appoints representatives to regional bodies overseeing programs in the areas of airport operations, aging, manpower training, planning and substance abuse.

The business of the County is carried out on a daily basis by some 1,500 employees located on several different campuses throughout the County. Primary locations are downtown Lansing, south Lansing, and Mason, the County seat.

County government provides a diverse array of services in the areas of human services, law enforcement, justice administration, recreation, education, elections, and record keeping. In any one day, hundreds of people access County services:

- They may be utilizing one of the many public health, sanitation or disease control services provided by the Health Department, the support services of County Veteran Affairs, or the residential services of the Medical Care Facility or the Ingham County Housing Commission. They may be utilizing one of the many other human service programs supported by County funds in Mental Health, Substance Abuse, Aging, Special Transportation, or Youth Violence Prevention.
- They may be utilizing the services of the County Prosecutor, County Sheriff, or the Courts, or anticipating the arrival of the law enforcement, fire, or emergency medical personnel dispatched by County-supported 911 Centers.
- They may be obtaining birth, death, tax or property information from the Offices of the County Clerk, Treasurer, or Register of Deeds; participating in elections; or getting assistance in drainage-related problems from the Drain Commissioner.
- They may be attending educational events sponsored by Cooperative Extension, enjoying one of the many County Parks, or visiting the County Fairgrounds.

Ingham County, through Board Resolution, has adopted a policy on financial reserves. The purpose of the policy is to maintain financial reserves appropriate to providing for the stable operation of the county government; to assure that the County's financial obligations will be met; and to assure continuation of a strong credit rating. Reserves addressed in the policy are the General Fund, the Budget Stabilization Fund and the Public Improvement Fund.

The County's goal for the General Fund is an unreserved undesignated fund balance of at least 5% of the general fund expenses of the preceding year. The goal for the Budget Stabilization Fund is to maintain the legal maximum balance of 15% of the average of the last five years' budget or 15% of the current year's budget, whichever is less, but not less than 13%. The goal for the Public Improvement Fund is to maintain sufficient reserves to address annual needs for maintaining county facilities in an appropriate state of repair. The Public Improvement Fund desired level of funding was set at 1/10 mill of the property tax levy. The County Controller provides an annual status report to the Finance Committee and provides recommendations for maintaining the balances at appropriate levels.

Ingham County's strategic plan provides the foundation for budgetary decisions by establishing a vision, mission and long-range objectives. In addition to the strategic plan, the Board of Commissioners adopts a resolution each year which sets priorities for the development of the budget. The principles in the resolution are consistent with the objectives in the strategic plan, but detail specific priorities which reflect current issues.

The priorities identified by the Board of Commissioners over the past several years have consistently included expanding access to health care; expanding recreational opportunities; and increasing the continuum of sanctions and placements for youth and adults. Other priorities have included encouraging the participation of youth in county government, assuring an appropriate level of services to victims of domestic violence and sexual assault, exploring ways to expand and improve services for seniors, improving the overall jury selection system, exploring more equitable ways of governing and financing the Capital Region Airport, and examining the implications of regional land use on the region's future. Through its discussions and actions, each new Board of Commissioners will determine what priorities it wishes to continue and what new ones to establish.

The County maintains real-time budgetary controls using an integrated financial management software package. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the general and special revenue funds are included in the annual appropriated budget. A five-year financial plan is adopted for the capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by defined cost categories within an activity or individual fund. Budgetary transfers are permitted in accordance with board-adopted budget policies. The County also maintains an encumbrance accounting system as one of its techniques of accomplishing budgetary control. Encumbered amounts lapse at year-end; however, they generally are reappropriated as part of the following year's budget.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local economy.** In addition to being the home of the State Capitol and state government, the County is also the home of Michigan State University, with General Motors Corporation having a significant presence. General Motors phased out its Oldsmobile line with the last Oldsmobile rolling out of the Lansing Car Assembly in April 2004. The Lansing Car Assembly Plant was closed in May 2005, but a new Cadillac plant was opened in Lansing in 2001, and the Lansing Regional Stamping Plant was opened in nearby Delta Township in 2003. Another GM assembly plant was opened in the Lansing area in 2006.

Ingham County is also the site of several large industrial firms, two major hospital organizations and several other educational institutions. Also of economic importance is agriculture, including dairy, livestock and general farming.

Manufacturing, government, education and health care occupations represent the major employment sources. The triad of Michigan State University, General Motors Corporation and State government has served as a catalyst to give the area a well-educated, well-trained and highly skilled work force.

The stable and diverse economic base has made Ingham County an attractive employment and consumer market. Unemployment rates have been consistently below State averages, resident wealth levels are above regional norms for counties, and the labor force is bolstered by a sizeable student population with the presence of Michigan State University.

The tax base has grown steadily over the past several years. Property values for the County are estimated at \$18.1 billion based on the 2005 County Equalization Report. The values of real property increased by 6.74% while the value of personal property decreased by 3.96%. The total estimated true cash value translates to a state equalized value of \$9 billion. The total change in equalized value was 7.19%. A 1994 amendment to the Michigan Constitution limits increases in the taxable value of most property to the lower of the rate of inflation or 5% until the property is sold. Upon sale, the taxable value is set to the equalized value. The 2005 taxable value (2006 budget year) was \$6.7 billion after adjustments for taxable value captured by tax increment financing and downtown development authorities. This is a 4.2% increase over the 2004 adjusted taxable value.

In October 2004, new legislation was passed to gradually move up property tax collections from the winter to the summer over the next three years. The legislation also provided for the creation of a special revenue fund to temporarily replace state revenue sharing. With state revenue sharing declining over the past several years, this legislation provides a short-term resolution to the budgetary conflict between the state and county governments.

In spite of significant financial challenges associated with a weak economy, and declining state tax revenues, Ingham County continues to provide a high quality of services to its 280,000 residents. Services are provided by dedicated elected and appointed officials, and employees in the areas of health and human services, law enforcement and justice administration, recreation, elections, and record keeping. Over the past several years, the Board of Commissioners has strived to maintain all county services at an acceptable level, but has placed particular importance on providing uninsured residents with access to health care; expanding recreational opportunities; and improving the adult and juvenile justice systems.

### **Goals and Accomplishments**

- Efforts to expand access to health care for the uninsured have continued with promotion of the Ingham County Advantage program and the Ingham Health Plan; expansion of space for the Ingham Health Plan, opening of a new pediatric clinic, and approval of a contract with Free Medical Care, Inc. In addition, the 2006 budget includes funding for the first year of a five year plan to achieve access for 100% of the County's uninsured residents.
- The expansion of recreational opportunities has continued with the award of a grant to construct a Splash Park at Hawk Island Park with an expected mid-summer opening date. Funding is in place for a joint project with the City of Lansing to construct a section of the Heart of Michigan Trail between Potter Park and Hawk Island Park. In addition, the 2006 budget includes the initial funding of a ten year plan to connect all of the major county parks by means of non-motorized pathways.
- The Angel House, Children's Shelter and Assessment Center, a 12 bed facility to serve abused and neglected children opened in December of 2005. The 2006 budget contains approximately \$200,000 in general fund money (to be matched by the state child care fund) for operation of the Angel House shelter as part of the DHS budget.
- Efforts to enhance the internal operations of the county have continued with migration to a new payroll system in April 2005. The financial system was replaced in 2004. An energy improvement project was completed and an amendment to the purchasing policy was adopted giving preference to local vendors.

- The upgrade of the public safety wireless radio system is nearly complete and consideration is being given to consolidating the two current dispatch centers into one. Homeland security capacity continues to be enhanced with annual federal grants; processing at the Register of Deeds continues to be enhanced with the use of designated technology funds, and accuracy and availability of tax maps is being enhanced with the digitizing of tax maps and acquisition of a 2006 flight of the county.
- Efforts continue to expand the governance and funding base of the Capital Region Airport Authority into Clinton and Eaton counties. The airport generates some 7,400 jobs paying \$239 million in wages and generating \$652 million in sales. Over 40% of the jobs, wages, and sales are in Clinton and Eaton counties.

**Cash Management.** Ingham County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize interest earnings. Because only a small portion of the County's portfolio can be covered by FDIC insurance, it is essential to continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. Types of investments vary throughout the year depending on the County's cash flow requirements and the condition of the financial market. Typical investments include demand deposits, cash management mutual funds, certificates of deposit, U.S. Government securities, bankers' acceptances of United States banks, and high-quality commercial paper.

During 2005, invested cash earned interest at rates that varied within a range of 2.22% to 3.9%. We estimate that each one-quarter point change in the interest rates equates to an \$80,000 change in County interest revenue.

**Risk Management.** The County is self-insured for unemployment compensation and assumes a significant portion of the risk for workers' compensation, dental, vision, and general liability coverages. As part of the County's comprehensive risk management plan, resources are accumulated in internal service funds and reserves are on deposit with the Michigan Municipal Risk Management Authority (MMRMA) to meet potential losses. MMRMA, which is a governmental risk pool, provides \$15 million in liability coverage on an occurrence basis, with a \$150,000 self-insured retention per liability claim, a \$16,000 retention for each vehicle claim, and a 10% retention on the first \$100,000 of property loss after a \$1,000 deductible.

**County Controller.** At the end of 2005 the County Controller, Gerald W. Ambrose, retired. Mr. Ambrose was County Controller for more than 22 years. After an extensive search, the County Board of Commissioners appointed A. Edwin Dore as the new County Controller. Mr. Dore was appointed by Board Resolution on April 25, 2006. Mr. Dore comes to Ingham County with an extensive background in government service.

## **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ingham County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2004. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

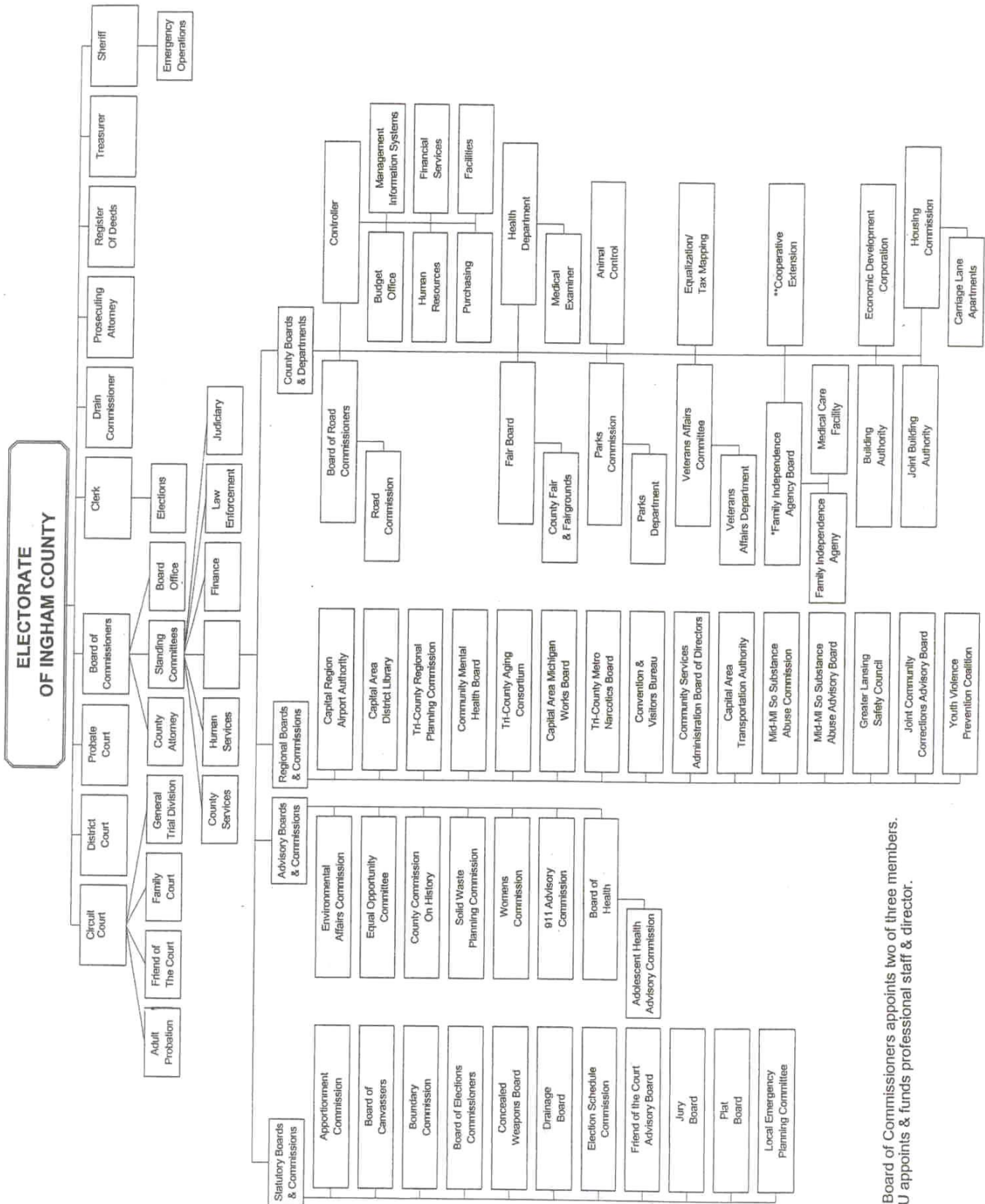
In addition, Ingham County also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning January 1, 2005. In order to qualify for the Distinguished Budget Presentation Award, the budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Division of the Controller's Office, the various other County departments, and the elected and appointed officials. My appreciation is extended to all those who assisted in and contributed to the preparation of this report. I would also like to thank the Ingham County Board of Commissioners for their continued interest and support in planning and conducting the financial operations of Ingham County in a responsible and progressive manner.

Respectfully yours,

A handwritten signature in black ink, appearing to read "A. Edwin Dore". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

A Edwin Dore  
Controller



\* The Board of Commissioners appoints two of three members.  
 \*\* MSU appoints & funds professional staff & director.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ingham County,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Enen*

Executive Director

## FINANCIAL SECTION





# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



## INDEPENDENT AUDITORS' REPORT

June 29, 2006

To the Board of Commissioners  
of Ingham County  
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **INGHAM COUNTY, MICHIGAN**, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ingham County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Ingham County, Michigan**, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2006, on our consideration of **Ingham County, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ingham County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

## MANAGEMENT'S DISCUSSION and ANALYSIS

## MANAGEMENT'S DISCUSSION and ANALYSIS

As management of Ingham County we offer readers of Ingham County's financial statements this narrative overview and analysis of the financial activities of Ingham County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report.

### FINANCIAL HIGHLIGHTS

\* The assets of Ingham County exceeded its liabilities at the close of the most recent fiscal year by \$110.4 million (*net assets*). Of this amount, \$66.8 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$59.9 million of the unrestricted net assets. The Medical Care Facility and the Delinquent Tax Revolving Fund contain most of the business-type unrestricted net assets.

\* The County governmental activities showed an increase of \$5.7 million in total net assets. The additional revenue accumulated in the Revenue Sharing Reserve Fund is the primary source of this increase.

\* At the close of 2005, Ingham County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$57.2 million. Of the total amount, approximately \$53.3 million is *available for spending* at the County's discretion (*unreserved fund balance*).

\* At the end of the fiscal year, unreserved undesignated *fund* balance for the general fund was \$7.9 million or 11 percent of total general fund expenditures and transfers out. Total fund balance for the general fund was \$14.3 million.

- Ingham County's total debt decreased by \$8.6 million. A significant decrease in delinquent tax notes accounted for most of this decrease. Rising interest rates made it feasible to pay down this debt from \$11.5 million to \$6 million. The balance of the decrease was the result of scheduled redemptions of existing long term debt. The refinancing of some Building Authority debt had little impact on the total debt outstanding.

### OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Ingham County basic financial statements. The Ingham County basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Ingham County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Ingham County's assets and liabilities. The difference between assets and liabilities is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Ingham County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Ingham County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Ingham County include general government, public safety, judicial, public works, health, welfare, education, economic development, and culture and recreation. The business-type activities of Ingham County include a Medical Care Facility that provides long-term skilled nursing care, and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only Ingham County itself, but also a legally separate Road Commission, a legally separate Drain Commission, and a legally separate Economic Development Corporation for which Ingham County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Ingham County Building Authority, Housing Commission, Medical Care Facility, and Fair Board, although also legally separate, function for all practical purposes as departments of Ingham County, and therefore have been included as integral parts of the primary government.

The government-wide financial statements can be found on pages 14-15 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Ingham County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Ingham County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Ingham County maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Health Department, Emergency Telephone Fund, and the Revenue Sharing Reserve Fund which are considered to be major funds. Data from the other 31 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Ingham County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-23 of this report.

**Proprietary funds.** Ingham County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Ingham County uses 13 enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Ingham County's various functions. Ingham County uses internal service funds to account for its equipment, employee fringe benefits, liability and workers' compensation insurances, and its management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility the Delinquent Tax Revolving Fund and the Refunding Sanitary Sewer Project Numbers 3 & 4 Fund, which are considered to be major funds of Ingham County. Data from the other 10 enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Ingham County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on page 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-61 of this report.

## County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Ingham County's assets, liabilities, and net assets at December 31, 2005. The schedule shows the County's assets exceeded liabilities by \$110.4 million at the close of the most recent fiscal year. The 2004 Governmental net assets were restated. The result of the restatement was an increase of \$0.5 million. Tax revenues were increased by \$1 million to comply with GAAP reporting requirements for delinquent property tax with offsetting error corrections related to internal balances and the investment yield adjustment.

### Ingham County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004 <u>Restated</u>	2005	2004	2005	2004 <u>Restated</u>
Current and other assets	\$107,390,421	\$114,098,802	\$29,922,569	\$37,865,064	\$137,312,990	\$151,963,866
Capital assets	<u>52,138,810</u>	<u>55,067,035</u>	<u>11,088,316</u>	<u>\$8,356,847</u>	<u>63,227,126</u>	<u>63,423,882</u>
Total assets	159,529,231	169,165,837	41,010,885	46,221,911	200,540,116	215,387,748
Long-term liabilities outstanding	32,105,321	33,749,338	14,531,292	21,452,488	46,636,613	55,201,826
Other liabilities	<u>41,872,817</u>	<u>55,605,743</u>	<u>1,599,512</u>	<u>1,086,625</u>	<u>43,472,329</u>	<u>56,692,368</u>
Total liabilities	<u>73,978,138</u>	<u>89,355,081</u>	<u>16,130,804</u>	<u>22,539,113</u>	<u>90,108,942</u>	<u>111,894,194</u>
Net assets:						
Invested in capital assets, net of related debt	25,138,520	26,340,217	11,088,316	8,356,847	36,226,836	34,697,064
Restricted	534,675	1,883,063	6,841,735	8,588,272	7,376,410	10,471,335
Unrestricted	<u>59,877,898</u>	<u>51,587,476</u>	<u>6,950,030</u>	<u>6,737,679</u>	<u>66,827,928</u>	<u>58,325,155</u>
<b>Total net assets</b>	<b><u>\$85,551,093</u></b>	<b><u>\$79,810,756</u></b>	<b><u>\$24,880,081</u></b>	<b><u>\$23,682,798</u></b>	<b><u>110,431,174</u></b>	<b><u>\$103,493,554</u></b>

Ingham County has an investment of \$36.2 million in capital assets. This represents 32.8 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Ingham County uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although Ingham County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets increased by \$1.5 million. Net governmental capital assets decreased \$1.2 million as current depreciation exceeded investment in new assets and the reduction of the related debt. The County's Medical Care Facility is responsible for the increase in capital assets. Construction of a rehabilitation center began in 2004 and was nearly complete by the end of 2005.

An additional portion of Ingham County's net assets \$7.4 million (6.7 percent) represents resources that are subject to external restrictions on how they may be used. Ingham County's *unrestricted net assets*, \$66.8 million are the largest portion (60.5 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2005 fiscal year, Ingham County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

### Ingham County's Changes in Net Assets

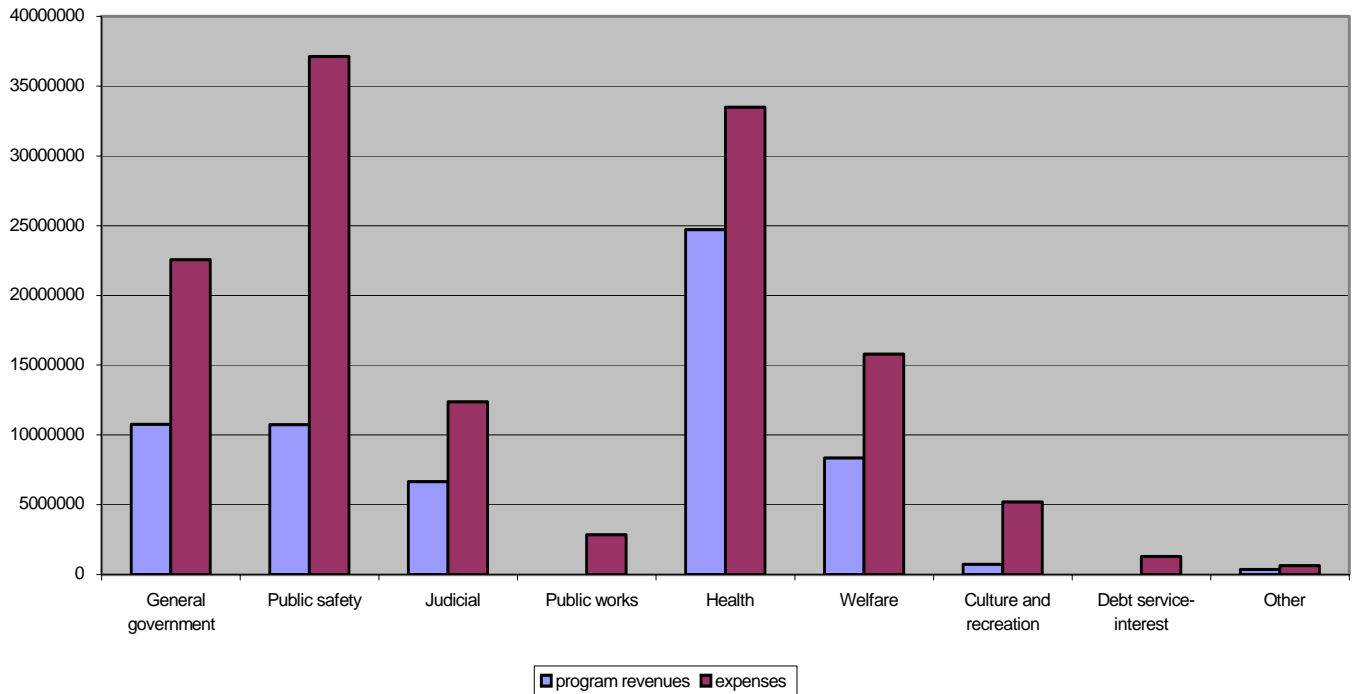
	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004 Restated</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004 Restated</u>
Revenue:						
Program revenue:						
Charges for services	\$27,431,300	\$27,149,153	\$19,401,188	\$18,825,542	\$46,832,488	\$45,974,695
Operating grants and contributions	34,615,598	29,908,797	1,996,224	8,079,156	36,611,822	37,987,953
Capital grants and contributions	258,231				258,231	
General revenues:						
Property taxes	68,863,678	65,882,647			68,863,678	65,882,647
Other	<u>4,432,339</u>	<u>6,573,895</u>	<u>392,795</u>	<u>341,645</u>	<u>4,825,134</u>	<u>6,915,540</u>
Total revenue	<u>135,601,146</u>	<u>129,514,492</u>	<u>21,790,207</u>	<u>27,246,343</u>	<u>157,391,353</u>	<u>156,760,835</u>
Expenses:						
General government	22,667,675	22,461,010			22,667,675	22,461,010
Public safety	37,125,711	31,662,100			37,125,711	31,662,100
Judicial	12,371,724	12,242,955			12,371,724	12,242,955
Public works	2,845,372	2,739,401			2,845,372	2,739,401
Health	33,489,946	31,652,086			33,489,946	31,652,086
Welfare	15,796,063	13,472,066			15,796,063	13,472,066
Education	73,614	71,805			73,614	71,805
Economic development	581,923	526,534			581,923	526,534
Culture and recreation	5,200,269	4,865,445			5,200,269	4,865,445
Debt service-interest	1,273,846	1,431,216			1,273,846	1,431,216
Medical Care Facilities	-	-	14,867,800	20,349,234	14,867,800	20,349,234
Delinquent tax revolving	-	-	603,901	221,668	603,901	221,668
Refunding sanitary sewer project	-	-	245,678	280,469	245,678	280,469
Other business-type	<u>-</u>	<u>-</u>	<u>2,927,606</u>	<u>2,775,860</u>	<u>2,927,606</u>	<u>2,775,860</u>
Total expenses	<u>131,426,143</u>	<u>121,124,618</u>	<u>18,644,985</u>	<u>23,627,231</u>	<u>150,071,128</u>	<u>144,751,849</u>
Increase (decrease) in net assets before transfers	4,175,003	8,389,874	3,145,222	3,619,112	7,320,225	12,008,986
Transfers	<u>1,565,334</u>	<u>1,746,022</u>	<u>(1,947,939)</u>	<u>(1,901,359)</u>	<u>(382,605)</u>	<u>(155,337)</u>
Increase in net assets	5,740,337	10,135,896	1,197,283	1,717,753	6,937,620	11,853,649
Net assets - beginning of year	<u>79,810,756</u>	<u>69,674,860</u>	<u>23,682,798</u>	<u>21,965,045</u>	<u>103,493,554</u>	<u>91,639,905</u>
Net assets - end of year	<u>\$85,551,093</u>	<u>\$79,810,756</u>	<u>\$24,880,081</u>	<u>\$23,682,798</u>	<u>\$110,431,174</u>	<u>\$103,493,554</u>

The County's net asset increased by \$6.9 million during the reporting period, most of the increase is in the governmental activities. Business-type activities contributed \$1.2 million to the increase in net assets.



**Governmental activities.** Net assets in the Revenue Sharing Reserve Fund increased by \$8.5 million more than offsetting a \$4.2 million decrease in the Emergency Telephone Fund. Development of the improved emergency telephone system began in 2004 with continued expansion and development in 2005.

### Program Revenues and Expenses - Governmental Activities



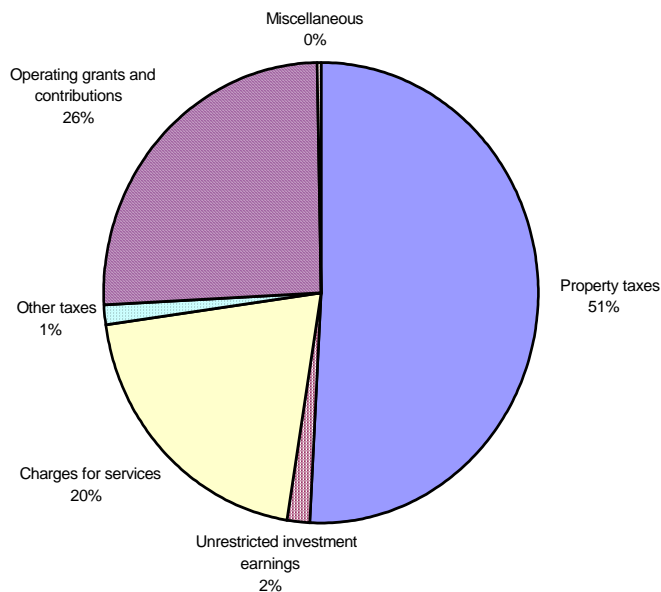
An analysis of the governmental activities' revenues and expenses shows a \$6.1 million growth in revenues and a \$10.2 million growth in expenditures. Significant increases in grants for health, and welfare accounted for most of the revenue growth.

The Ingham County Health Department was designated as a Federally Qualified Health Center (FQHC). As an FQHC the Health Department became eligible for prospective Medicaid payments. In addition, the Health Department began receiving title 19 Administrative Services Revenue related to their efforts in enrolling eligible Medicaid recipients in the program. These programs in addition to other grants increased the Health fund revenues by \$4 million while expenditures increased by \$1.8 million.

Family Court Child Care expenses are partially reimbursed by the State. Increases in child care expenses resulted in an increase in the State reimbursement.

Of the general government expenses, public safety expenditures account for more than half of the increase. The emergency telephone system upgrade saw significant progress in 2005. Additional installations and infrastructure were added and the program began incurring maintenance costs on existing equipment and infrastructure.

### Revenues by Source - Governmental Activities



**Business-type activities.** Business-type activities increased Ingham County's net assets by \$1.2 million. Before transfers, business-type activities generated a \$3 million increase in net assets. The Delinquent Tax Revolving Fund traditionally transfers almost all of its annual earnings to the General Fund. The Medical Care Facility is the recipient of the Business-type operating grants. The grant is a Medicaid proportionate share reimbursement distributed by the State of Michigan. The Medical Care Facility then transfers most of the funds to the Michigan Department of Human Services. In 2005, the Medical Care Facility netted nearly \$285,000 from this transaction.

**Transfers.** A \$2 million transfer from the Delinquent Tax Revolving Fund to the general fund made up most of the transfer into the governmental activities. Transfers between the governmental and business-type activities are not equal because of timing differences between funds with different fiscal year ends.

### Financial Analysis of the Government's Funds

As noted earlier Ingham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Ingham County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Ingham County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Ingham County's governmental funds reported combined ending fund balances of \$57.2 million, an increase of \$8.7 million in comparison with the prior year. Most of this total amount (\$53 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) loaned to other funds or component units (\$2.2 million), 2) for health services by contractual agreement (\$1.6 million), or 3) for a variety of other restricted purpose (\$200,000).

The general fund is the chief operating fund of Ingham County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$10.4 million, and the total fund balance was \$14.3 million. As a measure of the general fund's liquidity it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.4 percent of total general fund expenditures and transfers out, while total fund balance represents 20 percent of that same amount.

The fund balance of Ingham County's general fund increased by \$2.1 million during the fiscal year. In 2004, \$3 million of state revenue sharing was included in intergovernmental revenue. In 2005, this revenue was replaced by an additional transfer from the Revenue Sharing Reserve Fund. Adjusting for this change in funding source, intergovernmental revenues increased by \$1 million. New homeland security grants account for this increase in intergovernmental revenue. Property tax revenues also increased in proportion to taxable value. Meanwhile, transfers out decreased slightly. Revenues exceeded expenditures by \$12.7 million. Transfers from the Revenue Sharing Reserve Fund (\$5.3 million) and the Delinquent Tax Revolving Fund (\$2 million) helped sustain \$18.4 million in transfers from the General Fund.

Health Fund revenues increased by \$4.1 million from intergovernmental sources and other grants as discussed earlier. Health Fund expenditures increased by only \$1.8 million. This permitted the County subsidy to the Health Fund to decrease by 14.4%.

This is the second year of accelerated tax collections deposited to the Revenue Sharing Reserve Fund. Public Act 357 of 2004 required the County to establish the Revenue Sharing Reserve fund and place one-third of the December 2004, 2005, and 2006 property tax levy in the fund. The property taxes reserved in December are assessed in July to gradually move the County from a winter tax levy to a summer tax levy. This property tax shift was established to provide a funding mechanism to serve as a substitute for state revenue sharing. The state will determine the annual distributions from the Revenue Sharing Reserve Fund. Once the reserve is exhausted, revenue sharing payments to the County will be restored. It is estimated that the Revenue Sharing Reserve Fund will be exhausted in six years. The fund recognized \$13.8 in tax revenue and the County drew down \$5.3 million to replace 2005 state revenue sharing.

The Emergency Telephone Fund is a major special revenue fund supported by a County tax millage, state grant revenues, and a telephone surcharge. The fund provides substantially all of the operational expenses of the Lansing and East Lansing dispatch centers. The need for an upgrade in the County emergency communication system was recognized several years ago. Emergency responders raised concerns about the need for more channels, the inability to communicate from some locations, and lack of common frequencies for fire service. The Ingham County Board of Commissioners created a 911 Advisory Board to guide the upgrade project. Early in 2003, the County Board of Commissioners approved the Advisory Board recommendation. An agreement was negotiated with MA-COM Inc to upgrade the County emergency communication system. Additional installations were added in 2005. Approximately half of the 2005 expenditures subsidize the emergency dispatch operations in the cities of Lansing and East Lansing.

***Proprietary funds.*** Ingham County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Delinquent Tax Revolving Fund ended 2005 with unrestricted net assets of \$3.3 million. The Medical Care Facility's unrestricted net assets were \$2.1 million. The Refunding Sanitary Sewer No. 3 & 4 Fund is reported as a major business-type fund because its liabilities exceed 10 percent of total proprietary fund liabilities and are more than 5 percent of total governmental and business type liabilities. Ingham County constructed and financed the sewer construction. The sewer system is leased back to the municipality. The lease payments are equal to the debt service requirements. State guidelines require reporting this transaction as a business-type activity. The fund balance of \$10,832 is prior interest revenue that will eventually reduce the lease payments. Other factors concerning the finances of these major business-type activities were addressed previously.

## General Fund Budgetary Highlights

The General Fund revenue budget shows some significant changes between the original and final budget. In the intergovernmental category \$4 million was transferred from the State Revenue Sharing line item to Transfers in to reflect the temporary change in funding source. This reduction in budgeted intergovernmental revenues was partially offset by a \$1 million homeland security grant. Proceeds from deferred asset were not included in the original budget. These in kind medical services, related to the 1993 sale of the county hospital, also account for most of the \$2.7 million increase in the public safety budget. Most of the medical services were used for prisoner care.

Budgeted transfers out increased by \$1.9 million. This budget adjustment provided for the maintenance and upgrade of computer equipment and software and also includes year end adjustments to the Budget Stabilization Fund and other designations.

## Capital Assets and Debt Administration

**Capital assets.** Ingham County's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$63.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, park facilities, buildings, improvements, and machinery and equipment. Ingham County's investment in capital assets was substantially unchanged. Governmental activities saw a \$2.9 million decrease in capital assets while business-type activities increased capital assets by \$2.7 million. Depreciation accounts for the decrease in governmental assets. The construction of a rehabilitation center at the Medical Care Facility accounts for the increase in business-type activities.

### INGHAM COUNTY'S Capital Assets (Net of depreciation)

	<b>Governmental activities</b>	<b>Business-type activities</b>	<b><u>Total</u></b>
Land	\$ 4,809,611	\$ 464,990	\$5,274,601
Construction in progress	94,061	3,434,407	3,528,468
Buildings	42,299,517	6,936,181	49,235,698
Machinery and equipment	<u>4,935,621</u>	<u>252,738</u>	<u>5,188,359</u>
	<b><u>\$52,138,810</u></b>	<b><u>\$11,088,316</u></b>	<b><u>\$63,227,126</u></b>

Additional information on the Ingham County's capital assets can be found in note III.C on pages 41-44 of this report.

**Long-term debt.** At the end of the 2005 fiscal year, Ingham County had total general obligation debt of \$40.7 million. The entire amount is backed by the full faith and credit of the County.

**INGHAM COUNTY'S Outstanding Debt**  
General Obligation

	<b><u>Governmental</u></b> <b><u>activities</u></b>		<b><u>Business-type</u></b> <b><u>activities</u></b>		<b><u>Total</u></b>	
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
General obligation bonds	\$26,470,000	\$28,270,000	\$8,220,000	\$9,425,000	\$34,690,000	\$37,695,000
Delinquent tax notes	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>11,500,000</u>	<u>6,000,000</u>	<u>11,500,000</u>
<b>Total</b>	<b><u>\$26,470,000</u></b>	<b><u>\$28,270,000</u></b>	<b><u>\$14,220,000</u></b>	<b><u>\$20,925,000</u></b>	<b><u>\$40,690,000</u></b>	<b><u>\$49,195,000</u></b>

Ingham County's bonded debt decreased by \$8.5 million (17.2 percent) during the fiscal year. The 2004 delinquent tax notes, issued at a favorable rate, were paid off in 2005. The balance of the reduction in debt was the result of scheduled debt service payments. Governmental Building Authority bonds with an aggregate principal amount of \$11.6 million were refinanced with an \$11.5 million bond issue to obtain an interest rate savings. This transaction had a negligible effect on outstanding debt.

Ingham County maintains a AAA $\equiv$  rating from Standard and Poor's for our general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Ingham County is \$903.6 million, which is significantly in excess of Ingham County's outstanding general obligation debt.

Additional information on the Ingham County's long-term debt can be found in note III.G on pages 48-55 of this report.

### **Economic Factors and Next Year's Budgets**

In order to maintain financial stability over the long term, the budgeting practice in Ingham County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a nearly fully funded Budget Stabilization Fund, has given Ingham County the reserves necessary to address difficult economic times without resort to a crisis-management approach. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of county services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they are generally addressed through short term expenditure reduction measures such as reductions in controllable expenses, hiring delays, and deferrals of capital expenditures.

While property tax revenue growth continues to be strong, the county budget process for 2006 was challenged by some significant factors including state and federal revenue sources that have had little or no growth, and in some cases have been reduced. Although revenue estimates were based on the best information available, there is a fair amount of uncertainty especially in the area of state revenues. The unfunded liability for retiree health insurance costs must be addressed beginning in 2007. Ingham County has begun to address this issue by designating one million dollars in general fund balance for this purpose and setting aside 0.5% of payroll in 2006.

The Revenue Sharing Reserve Fund as a replacement for state revenue sharing is expected to last through 2011. After that date, the State has promised to restore revenue sharing. The special purpose millage for juvenile justice is up for renewal in 2007

### **Requests for Information**

The financial report is designed to provide a general overview of the Ingham County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the Controller, Ingham County Courthouse, Mason MI 48854.

## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS



**INGHAM COUNTY, MICHIGAN**  
**Statement of Net Assets**  
**December 31, 2005**

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	Road <u>Commission</u>	Economic <u>Development</u>	Drain <u>Commission</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 51,297,478	\$ 8,052,570	\$ 59,350,048	\$ 734,866	\$ 3,771	\$ 13,788,818
Property taxes receivable	37,613,739	6,950,000	44,563,739	-	-	-
Special assessment receivable	-	-	-	-	-	25,610,023
Other receivables	14,630,018	10,727,968	25,357,986	2,694,374	-	784,532
Receivable from component unit	275	-	275	-	-	-
Internal balances	(244,033)	(1,326,876)	(1,570,909)	-	-	-
Other assets	3,459,444	54,265	3,513,709	571,696	-	17,654
Advances to component units	633,500	-	633,500	-	-	160,983
Restricted assets:						
Cash and cash equivalents	-	5,423,145	5,423,145	-	-	-
Intergovernmental receivable	-	41,497	41,497	-	-	-
Capital assets, net						
Assets not being depreciated	4,903,673	3,899,397	8,803,070	18,686,457	-	11,517,753
Assets being depreciated	47,235,137	7,188,919	54,424,056	67,719,548	-	21,176,521
Total assets	<u>159,529,231</u>	<u>41,010,885</u>	<u>200,540,116</u>	<u>90,406,941</u>	<u>3,771</u>	<u>73,056,284</u>
<b>LIABILITIES</b>						
LIABILITIES:						
Accounts payable and other current liabilities	10,666,133	1,144,843	11,810,976	925,631	-	814,031
Other accrued liabilities	2,133,457	428,381	2,561,838	-	-	174,267
Payable to primary government	-	-	-	-	-	275
Advances from primary government	-	-	-	-	-	633,500
Unearned revenue	29,073,227	26,288	29,099,515	-	-	124,288
Long-term liabilities						
Due within one year	4,257,665	7,046,292	11,303,957	446,185	-	4,942,439
Due in more than one year	27,847,656	7,485,000	35,332,656	487,310	-	23,397,681
Total liabilities	<u>73,978,138</u>	<u>16,130,804</u>	<u>90,108,942</u>	<u>1,859,126</u>	<u>-</u>	<u>30,086,481</u>
<b>NET ASSETS</b>						
Investment in capital assets net of related debt	25,138,520	11,088,316	36,226,836	86,257,669	-	4,544,410
Restricted for:						
Statutory delinquent tax administrative fee	-	559,182	559,182	-	-	-
Capital Improvements	349,122	5,349,323	5,698,445	-	-	-
Debt service	-	900,016	900,016	-	-	1,899,728
Primary and local roads	-	-	-	1,923,461	-	-
Other purposes	185,553	33,214	218,767	-	-	-
Unrestricted	59,877,898	6,950,030	66,827,928	366,685	3,771	36,525,665
Total net assets	<u>\$ 85,551,093</u>	<u>\$ 24,880,081</u>	<u>\$ 110,431,174</u>	<u>\$ 88,547,815</u>	<u>\$ 3,771</u>	<u>\$ 42,969,803</u>

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
Statement of Activities  
For the Year Ended December 31, 2005

		Net (Expense) Revenue and Changes in Net Assets									
		Program Revenues					Primary Government			Component Units	
		Charges for Services and Other Program Revenues	Operating Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Road Commission	Economic Development	Drain Commission	
Expenses											
<b>FUNCTIONS/PROGRAMS</b>											
<b>Primary government</b>											
Governmental activities:											
General government	\$	22,667,675	\$	5,331,151	\$	-	\$ (11,904,076)	\$	-	\$	-
Public safety		37,125,711		8,026,837		258,231	(26,387,949)		-		-
Judicial		12,371,724		3,721,781		-	(5,721,808)		-		-
Public works		2,845,372		-		2,895	(2,842,477)		-		-
Health		33,489,946		9,667,186		15,047,144	(8,775,616)		-		-
Welfare		15,796,063		270,846		8,088,911	(7,436,306)		-		-
Education		73,614		30,855		34,167	(8,592)		-		-
Economic development		581,923		-		295,040	(286,883)		-		-
Culture and recreation		5,200,269		382,644		334,164	(4,483,461)		-		-
Debt service-interest		1,273,846		-		-	(1,273,846)		-		-
Total governmental activities		131,426,143		27,431,300		34,615,598	(69,121,014)		-		-
Business-type activities:											
Medical Care Facility		14,867,800		13,508,388		1,996,224	636,812		-		-
Delinquent tax collection		603,901		2,927,138		-	2,323,237		-		-
Refunding sanitary sewer project		245,678		245,278		-	(400)		-		-
Other		2,927,606		2,720,384		-	(207,222)		-		-
Total business-type activities		18,644,985		19,401,188		-	2,752,427		-		-
Total primary government	\$	150,071,128	\$	46,832,488	\$	36,611,822	\$ (69,121,014)	\$	5,289,102	\$	9,053,390
<b>Component units</b>											
Road Commission	\$	15,960,665	\$	4,745	\$	17,479,663	\$	3,765,359	\$	-	\$
Economic Development		-		-		-	-		-		-
Drain Commission		3,013,459		12,066,849		-	-		-		9,053,390
Total component units	\$	18,974,124	\$	12,071,594	\$	17,479,663	\$	3,765,359	\$	5,289,102	\$ 9,053,390
General revenues:											
Property taxes					68,863,678	-	68,863,678		-		-
Taxes--restricted for tourism programs					1,913,837	-	1,913,837		-		-
Grants and contributions not restricted to specific programs					6,403	-	6,403		-		-
Unrestricted investment earnings					2,449,860	392,795	2,842,655		-		144,387
Gain on sale/disposal of capital assets					62,239	-	62,239		(3,107)		-
Transfers					1,565,334	(1,947,939)	(382,605)		-		-
Total general revenues and transfers					74,861,351	(1,555,144)	73,306,207		(3,107)		144,387
Change in net assets					5,740,337	1,197,283	6,937,620		5,285,995		9,197,777
Net assets - beginning, as restated					79,810,756	23,682,798	103,493,554		83,261,820		33,772,026
Net assets - ending					\$ 85,551,093	\$ 24,880,081	\$ 110,431,174		\$ 88,547,815		\$ 42,969,803

The notes to the financial statements are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

# INGHAM COUNTY, MICHIGAN

## Balance Sheet Governmental Funds December 31, 2005

	General Fund	Health Fund	Emergency Telephone Fund	Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,044,399	\$ -	\$ 6,117,315	\$ -	\$ 21,974,132	\$ 44,135,846
Property taxes receivable	12,780,553	-	5,103,317	13,807,396	5,922,473	37,613,739
Accounts receivable	144,580	-	124,950	-	273,244	542,774
Accrued interest receivable	163,427	285	47,130	-	47,735	258,577
Interfund receivables	4,463,060	-	-	-	-	4,463,060
Due from other funds	7,209,879	344,882	-	11,688,156	2,225,667	21,468,584
Due from component unit	275	-	-	-	-	275
Due from other governmental units	2,816,334	7,125,282	90,063	-	3,147,658	13,179,337
Prepaid items	126,971	7,685	-	-	7,003	141,659
Deferred assets	2,928,645	-	-	-	-	2,928,645
Advances to other funds	1,508,143	-	-	-	-	1,508,143
Advances to component units	633,500	-	-	-	-	633,500
Total assets	<u>\$ 48,819,766</u>	<u>\$ 7,478,134</u>	<u>\$ 11,482,775</u>	<u>\$ 25,495,552</u>	<u>\$ 33,597,912</u>	<u>\$ 126,874,139</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ 320,690	\$ 809,640	\$ 2,765,496	\$ -	\$ 2,592,387	\$ 6,488,213
Salaries and amounts withheld therefrom	744,298	638,154	-	-	258,500	1,640,952
Interfund payables	-	1,572,036	-	-	2,891,024	4,463,060
Due to other funds	14,036,090	1,801,924	-	5,261,888	2,212,199	23,312,101
Due to other governmental units	66,120	18,207	-	-	259,620	343,947
Deposits payable	-	-	-	-	1,000	1,000
Advances from other funds	-	150,000	-	-	44,338	194,338
Deferred revenue	19,368,325	1,115,707	5,811,905	-	6,901,576	33,197,513
Total liabilities	<u>34,535,523</u>	<u>6,105,668</u>	<u>8,577,401</u>	<u>5,261,888</u>	<u>15,160,644</u>	<u>69,641,124</u>
<b>FUND BALANCES:</b>						
Reserved for:						
Prepaid items	126,971	7,685	-	-	6,728	141,384
Advances to other funds/component units	2,141,643	-	-	-	-	2,141,643
Contingent claims	10,000	-	-	-	-	10,000
Otto Clinic donations	-	63,094	-	-	-	63,094
Health Services	1,610,309	-	-	-	-	1,610,309
Unreserved						
Designated for future expenditures:						
General Fund	2,428,077	-	-	-	-	2,428,077
Special revenue funds	-	1,300,000	-	-	4,172,028	5,472,028
Undesignated:						
General Fund	7,967,243	-	-	-	-	7,967,243
Special revenue funds	-	1,687	2,905,374	20,233,664	14,021,061	37,161,786
Debt service funds	-	-	-	-	189,771	189,771
Capital projects funds	-	-	-	-	47,680	47,680
Total fund balances	<u>14,284,243</u>	<u>1,372,466</u>	<u>2,905,374</u>	<u>20,233,664</u>	<u>18,437,268</u>	<u>57,233,015</u>
Total liabilities and fund balances	<u>\$ 48,819,766</u>	<u>\$ 7,478,134</u>	<u>\$ 11,482,775</u>	<u>\$ 25,495,552</u>	<u>\$ 33,597,912</u>	<u>\$ 126,874,139</u>

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**For Governmental Funds to Net Assets of Governmental**  
**Activities on the Statement of Net Assets**  
**December 31, 2005**

Fund balances - total governmental funds	\$ 57,233,015
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets, net of accumulated depreciation	49,317,237
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Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds.

Add - long-term receivable included in deferred assets	2,928,645
Add - delinquent and uncollected property taxes not currently available	1,458,972
Add - unamortized bond issue costs	134,302

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable and other debt	(28,319,176)
Deduct - accrued interest on bonds payable	(344,612)
Deduct - accrued compensated absences and other long-term liabilities	(3,323,144)
Deduct - accrued long-term retro-pay	(414,744)

Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in internal services funds	6,791,648
Add - net assets allocated to business-type activities related to governmental activity in internal service funds	88,950

Net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 85,551,093</div>
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The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**December 31, 2005**

	<b>General Fund</b>	<b>Health Fund</b>	<b>Emergency Telephone Fund</b>	<b>Revenue Sharing Reserve Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 43,084,273	\$ -	\$ 4,987,463	\$ 13,807,396	\$ 8,450,695	\$ 70,329,827
Licenses and permits	326,632	-	-	-	-	326,632
Intergovernmental	7,634,666	15,047,144	-	-	12,198,422	34,880,232
Charges for services	10,688,859	6,529,978	-	-	1,592,097	18,810,934
Fines and forfeits	560,047	-	-	-	-	560,047
Interest	1,562,896	1,590	250,113	-	237,339	2,051,938
Other	544,246	2,493,368	1,420,944	-	1,152,025	5,610,583
Proceeds from deferred assets	1,426,774	-	-	-	-	1,426,774
Total revenue	<u>65,828,393</u>	<u>24,072,080</u>	<u>6,658,520</u>	<u>13,807,396</u>	<u>23,630,578</u>	<u>133,996,967</u>
<b>Expenditures</b>						
Current						
Public safety	22,513,692	-	10,937,195	-	1,938,078	35,388,965
Public works	200,106	-	-	-	2,666,420	2,866,526
Judicial	12,132,110	-	-	-	-	12,132,110
Culture and recreation	1,022,948	-	-	-	3,743,504	4,766,452
General government	13,198,887	-	-	-	6,269,070	19,467,957
Health	2,614,864	29,786,754	-	-	-	32,401,618
Welfare	316,304	-	-	-	15,325,339	15,641,643
Education	-	-	-	-	73,614	73,614
Economic development	581,923	-	-	-	-	581,923
Capital outlay	586,821	236,083	-	-	285,988	1,108,892
Debt Service						
Principal	-	-	4,238	-	1,881,380	1,885,618
Interest	-	-	1,600	-	1,217,685	1,219,285
Bond issuance costs	-	-	-	-	134,302	134,302
Total expenditures	<u>53,167,655</u>	<u>30,022,837</u>	<u>10,943,033</u>	<u>-</u>	<u>33,535,380</u>	<u>127,668,905</u>
Excess of revenues over (under) expenditures	<u>12,660,738</u>	<u>(5,950,757)</u>	<u>(4,284,513)</u>	<u>13,807,396</u>	<u>(9,904,802)</u>	<u>6,328,062</u>
<b>Other financing sources (uses)</b>						
Transfers in	7,864,285	7,302,332	62,496	-	14,587,300	29,816,413
Transfers out	(18,380,665)	(48,715)	-	(5,261,888)	(3,775,476)	(27,466,744)
Issuance of debt	-	-	-	-	11,505,000	11,505,000
Bond premium	-	-	-	-	487,735	487,735
Payment to refund bond escrow agent	-	-	-	-	(11,995,490)	(11,995,490)
Total other financing sources (uses)	<u>(10,516,380)</u>	<u>7,253,617</u>	<u>62,496</u>	<u>(5,261,888)</u>	<u>10,809,069</u>	<u>2,346,914</u>
Net change in fund balances	2,144,358	1,302,860	(4,222,017)	8,545,508	904,267	8,674,976
Fund balances, beginning of year, as restated	<u>12,139,885</u>	<u>69,606</u>	<u>7,127,391</u>	<u>11,688,156</u>	<u>17,533,001</u>	<u>48,558,039</u>
Fund balances, end of year	<u>\$ 14,284,243</u>	<u>\$ 1,372,466</u>	<u>\$ 2,905,374</u>	<u>\$ 20,233,664</u>	<u>\$ 18,437,268</u>	<u>\$ 57,233,015</u>

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Reconciliation of the Statement of Revenues**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2005**

Net change in fund balances - Governmental funds	\$ 8,674,976
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Add - capital outlay	1,044,237
Deduct - depreciation expense	(3,709,956)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add - change in deferred delinquent personal and summer property taxes	447,688
Deduct - change in deferred long-term receivables	(1,141,840)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Deduct - Proceeds from bond refunding	(11,505,000)
Add - Payment to refund bond escrow agent	11,995,490
Deduct - Interest expense included in payment to refund bond excrow agent	(137,057)
Deduct - Premium on bond issuance	(487,735)
Add - Bond issue costs	134,302
Add - principal payments on long-term bonds and other debt	1,906,772

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deduct - increase in accrual for compensated absences and other accrued liabilities	(416,819)
Add - decrease in accrual for accrued interest payable	97,667

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Deduct - net loss in internal service funds	(1,251,338)
Add - loss allocated to business-type activities	88,950

Change in net assets of governmental activities	\$ 5,740,337
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The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**General Fund**  
**Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>					
Taxes	\$ 42,406,671	\$ 43,141,863	\$ 43,084,273	\$ (57,590)	\$ 40,990,885
Licenses and permits	294,900	307,918	326,632	18,714	281,608
Intergovernmental	11,089,169	7,798,193	7,634,666	(163,527)	10,201,224
Charges for services	11,592,415	11,660,245	10,688,859	(971,386)	10,808,510
Fines and forfeits	398,600	398,600	560,047	161,447	482,258
Interest	1,600,000	1,600,000	1,562,896	(37,104)	1,533,642
Other	404,774	503,826	544,246	40,420	526,945
Proceeds from deferred asset	-	1,426,774	1,426,774	-	969,490
Total revenue	<u>67,786,529</u>	<u>66,837,419</u>	<u>65,828,393</u>	<u>(1,009,026)</u>	<u>65,794,562</u>
<b>Expenditures</b>					
Current:					
Public safety	21,078,508	23,848,786	22,513,692	1,335,094	20,315,858
Public works	117,500	200,606	200,106	500	143,475
Judicial	12,995,385	12,667,208	12,132,110	535,098	12,023,753
Culture and recreation	699,389	1,379,674	1,022,948	356,726	814,825
General government	14,111,007	13,874,575	13,198,887	675,688	13,570,308
Health	2,559,487	2,614,880	2,614,864	16	2,510,518
Welfare	337,532	336,232	316,304	19,928	311,517
Economic development	275,583	602,712	581,923	20,789	526,534
Capital outlay	345,792	698,177	586,821	111,356	607,496
Total expenditures	<u>52,520,183</u>	<u>56,222,850</u>	<u>53,167,655</u>	<u>3,055,195</u>	<u>50,824,284</u>
Revenue over expenditures	<u>15,266,346</u>	<u>10,614,569</u>	<u>12,660,738</u>	<u>2,046,169</u>	<u>14,970,278</u>
<b>Other financing sources (uses)</b>					
Transfers in	2,506,824	7,784,273	7,864,285	80,012	4,558,859
Transfers (out)	(17,467,953)	(19,329,774)	(18,380,665)	949,109	(17,993,029)
Total other financing sources (uses)	<u>(14,961,129)</u>	<u>(11,545,501)</u>	<u>(10,516,380)</u>	<u>1,029,121</u>	<u>(13,434,170)</u>
Net change in fund balance	305,217	(930,932)	2,144,358	3,075,290	1,536,108
Fund balance, beginning of year, as restated	<u>12,139,885</u>	<u>12,139,885</u>	<u>12,139,885</u>	<u>-</u>	<u>10,603,777</u>
Fund balance, end of year	<u><u>\$ 12,445,102</u></u>	<u><u>\$ 11,208,953</u></u>	<u><u>\$ 14,284,243</u></u>	<u><u>\$ 3,075,290</u></u>	<u><u>\$ 12,139,885</u></u>

The notes to the financial statements are an integral part of this statement.



**INGHAM COUNTY, MICHIGAN**  
**Health Fund Major Special Revenue Fund**  
**Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended September 30, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>					
Intergovernmental	\$ 12,138,025	\$ 12,348,919	\$ 15,047,144	\$ 2,698,225	\$ 11,166,520
Charges for services	7,882,740	7,782,568	6,529,978	(1,252,590)	7,962,872
Interest	-	-	1,590	1,590	982
Other	526,503	2,589,828	2,493,368	(96,460)	797,543
Total revenue	20,547,268	22,721,315	24,072,080	1,350,765	19,927,917
<b>Expenditures</b>					
Health:					
Personnel services	20,244,022	20,487,858	19,519,583	968,275	18,804,980
Controllable	7,314,364	9,271,680	9,129,680	142,000	8,648,061
Noncontrollable	1,107,863	1,137,491	1,137,491	-	778,958
Capital outlay	-	264,887	236,083	28,804	130,741
Total expenditures	28,666,249	31,161,916	30,022,837	1,139,079	28,362,740
Revenue over (under) expenditures	(8,118,981)	(8,440,601)	(5,950,757)	2,489,844	(8,434,823)
<b>Other financing sources (uses)</b>					
Transfers in	8,128,199	8,491,819	7,302,332	(1,189,487)	8,533,493
Transfers (out)	(9,218)	(51,218)	(48,715)	2,503	(95,024)
Total other financing sources	8,118,981	8,440,601	7,253,617	(1,186,984)	8,438,469
Net change in fund balance	-	-	1,302,860	1,302,860	3,646
Fund balance, beginning of year, as restated	69,606	69,606	69,606	-	65,960
Fund balance, end of year	<b>\$ 69,606</b>	<b>\$ 69,606</b>	<b>\$ 1,372,466</b>	<b>\$ 1,302,860</b>	<b>\$ 69,606</b>

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Emergency Telephone Major Special Revenue Fund**  
**Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>					
Taxes	\$ 4,918,809	\$ 4,918,809	\$ 4,987,463	\$ 68,654	\$ 4,747,151
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	200,000	200,000	250,113	50,113	221,253
Other	1,410,000	1,410,000	1,420,944	10,944	1,236,277
Total revenue	<u>6,528,809</u>	<u>6,528,809</u>	<u>6,658,520</u>	<u>129,711</u>	<u>6,204,681</u>
<b>Expenditures</b>					
Public safety	6,228,809	13,322,970	10,937,195	2,385,775	7,731,129
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Health	-	-	-	-	-
Welfare	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	29,681
Debt service	-	5,839	5,838	1	5,933
Total expenditures	<u>6,228,809</u>	<u>13,328,809</u>	<u>10,943,033</u>	<u>2,385,776</u>	<u>7,766,743</u>
Revenue over (under) expenditures	<u>300,000</u>	<u>(6,800,000)</u>	<u>(4,284,513)</u>	<u>2,515,487</u>	<u>(1,562,062)</u>
<b>Other financing sources (uses)</b>					
Issuance of debt	-	-	-	-	29,681
Transfers in	-	-	62,496	62,496	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>62,496</u>	<u>62,496</u>	<u>29,681</u>
Net change in fund balance	<u>300,000</u>	<u>(6,800,000)</u>	<u>(4,222,017)</u>	<u>2,577,983</u>	<u>(1,532,381)</u>
Fund balance, beginning of year	<u>7,127,391</u>	<u>7,127,391</u>	<u>7,127,391</u>	<u>-</u>	<u>8,659,772</u>
Fund balance, end of year	<u>\$ 7,427,391</u>	<u>\$ 327,391</u>	<u>\$ 2,905,374</u>	<u>\$ 2,577,983</u>	<u>\$ 7,127,391</u>

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Revenue Sharing Reserve Major Special Revenue Fund**  
**Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>					
Taxes	\$ -	\$ 13,807,395	\$ 13,807,396	\$ 1	\$ 13,807,395
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	-	13,807,395	13,807,396	1	13,807,395
<b>Expenditures</b>					
Public safety					
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Health	-	-	-	-	-
Welfare	-	-	-	-	-
Education	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenue over expenditures	-	13,807,395	13,807,396	1	13,807,395
<b>Other financing sources (uses)</b>					
Transfers (out)	-	(5,261,888)	(5,261,888)	-	(2,119,239)
Total other financing sources (uses)	-	(5,261,888)	(5,261,888)	-	(2,119,239)
Net change in fund balance	-	8,545,507	8,545,508	1	11,688,156
Fund balance, beginning of year	11,688,156	11,688,156	11,688,156	-	-
Fund balance, end of year	<b>\$ 11,688,156</b>	<b>\$ 20,233,663</b>	<b>\$ 20,233,664</b>	<b>\$ 1</b>	<b>\$ 11,688,156</b>

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2005**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Refunding Sanitary Sewer No. 3 & 4	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 3,349,137	\$ 3,698,059	\$ 10,732	\$ 994,642	\$ 8,052,570	\$ 5,986,138
Restricted assets:						
Cash and cash equivalents	5,366,922	-	-	-	5,366,922	301,442
Customer deposits	-	-	-	56,223	56,223	-
Escrow account for insurance claims	-	-	-	-	-	874,052
Delinquent real property taxes receivable	-	6,950,000	-	-	6,950,000	-
Accounts receivable	1,155,102	32,442	100	46,585	1,234,229	178,462
Accrued interest receivable	42,013	37,289	-	1,241	80,543	11,837
Due from other governmental units	-	-	35,679	39,319	74,998	89,232
Leases receivable	-	-	550,000	205,000	755,000	-
Due from other funds	-	-	-	-	-	1,116,633
Inventories	10,221	-	-	-	10,221	12,878
Prepaid items	42,319	-	-	1,725	44,044	241,960
Total current assets	9,965,714	10,717,790	596,511	1,344,735	22,624,750	8,812,634
Noncurrent assets:						
Subsidy receivable for debt service	-	-	-	41,497	41,497	-
Loans receivable	-	-	-	1,118,198	1,118,198	-
Leases receivable	-	-	3,985,000	3,480,000	7,465,000	-
Other long-term accounts receivable	-	-	-	-	-	369,799
Capital assets:						
Land	132,832	-	-	332,158	464,990	-
Construction in progress	3,434,407	-	-	-	3,434,407	-
Building and systems	9,956,436	-	-	6,782,550	16,738,986	-
Machinery and equipment	617,339	198,231	-	343,017	1,158,587	7,567,692
Less accumulated depreciation	(6,723,222)	(187,729)	-	(3,797,703)	(10,708,654)	(4,746,118)
Total capital assets (net of accumulated depreciation)	7,417,792	10,502	-	3,660,022	11,088,316	2,821,573
Total noncurrent assets	7,417,792	10,502	3,985,000	8,299,717	19,713,011	3,191,372
Total assets	17,383,506	10,728,292	4,581,511	9,644,452	42,337,761	12,004,006
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	538,227	9,365	-	144,616	692,208	1,385,279
Salaries and amounts withheld therefrom	401,388	1,027	-	50,220	452,635	48,385
Other accrued liabilities	175,000	-	-	-	175,000	1,680,494
Due to other funds	234,666	-	-	59,254	293,920	550,105
Accrued interest payable	-	23,124	35,679	39,318	98,121	-
Compensated absences	254,691	-	-	36,601	291,292	136,967
Bonds/notes payable-current	-	6,000,000	550,000	205,000	6,755,000	-
Capital leases payable-current	-	-	-	-	-	115,461
Unearned revenue	-	-	-	26,288	26,288	263,331
Total current liabilities	1,603,972	6,033,516	585,679	561,297	8,784,464	4,180,022
Current liabilities payable from restricted assets:						
Customer deposits payable	-	-	-	56,224	56,224	-
Accrued interest payable	-	-	-	21,497	21,497	-
Patient trust liability	17,599	-	-	-	17,599	-
Total current liabilities payable from restricted assets	17,599	-	-	77,721	95,320	-
Noncurrent liabilities:						
Notes payable	-	-	3,985,000	3,500,000	7,485,000	-
Capital leases payable	-	-	-	-	-	210,573
Contingent claims payable	59,940	-	-	-	59,940	451,964
Advances from other funds	787,283	-	-	156,723	944,006	369,799
Total noncurrent liabilities	847,223	-	3,985,000	3,656,723	8,488,946	1,032,336
Total liabilities	2,468,794	6,033,516	4,570,679	4,295,741	17,368,730	5,212,358
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	7,417,792	10,502	-	3,660,022	11,088,316	2,495,539
Restricted for statutory delinquent tax administration fee	-	559,182	-	-	559,182	-
Restricted for capital improvements	5,349,323	-	-	-	5,349,323	301,442
Restricted for debt service	-	868,805	10,832	20,379	900,016	-
Restricted for tax sale proceeds	-	-	-	33,214	33,214	-
Restricted for other purposes	-	-	-	-	-	185,552
Unrestricted	2,147,597	3,256,287	-	1,635,096	7,038,980	3,809,115
Total net assets	\$ 14,914,712	\$ 4,694,776	\$ 10,832	\$ 5,348,711	24,969,031	\$ 6,791,648
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(88,950)	
Net assets of business-type activities					\$ 24,880,081	

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Refunding Sanitary Sewer No. 3 & 4	Other Enterprise Funds	Total Enterprise Funds	
<b>Operating revenues:</b>						
Charges for services	\$ 13,501,500	\$ -	\$ 245,278	\$ 186,114	\$ 13,932,892	\$ 20,189,490
Sales	-	-	-	450,867	450,867	-
Interest on taxes	-	1,945,699	-	10,324	1,956,023	-
Collection fees	-	981,439	-	-	981,439	-
Other operating revenue	6,888	-	-	2,073,079	2,079,967	3,729,137
Total operating revenues	13,508,388	2,927,138	245,278	2,720,384	19,401,188	23,918,627
<b>Operating expenses:</b>						
Administrative	7,304,244	240,633	-	1,784,318	9,329,195	5,899,753
Fees and insurance	-	358,878	-	-	358,878	10,568,531
Retirement contributions	-	-	-	-	-	5,771,505
Current and contingent claims	-	-	-	-	-	894,396
Depreciation	357,583	4,390	-	211,105	573,078	890,109
Other operating expenses	5,355,112	-	-	745,388	6,100,500	459,153
Total operating expenses	13,016,939	603,901	-	2,740,811	16,361,651	24,483,447
Operating income (loss)	491,449	2,323,237	245,278	(20,427)	3,039,537	(564,820)
<b>Nonoperating revenues (expenses)</b>						
Investment earnings	153,029	222,046	801	16,919	392,795	112,987
Proportionate share reimbursements	1,996,224	-	-	-	1,996,224	-
Intergovernmental transfer payment	(1,711,842)	-	-	-	(1,711,842)	-
Maintenance of effort	(40,713)	-	-	-	(40,713)	-
Interest and fiscal charges	(9,356)	-	(245,678)	(186,795)	(441,829)	(15,170)
Total nonoperating revenue (expenses)	387,342	222,046	(244,877)	(169,876)	194,635	97,817
Income before transfers	878,791	2,545,283	401	(190,303)	3,234,172	(467,003)
Transfer in	-	-	-	111,498	111,498	439,081
Transfer (out)	-	(2,058,000)	-	(1,437)	(2,059,437)	(1,223,416)
Change in net assets	878,791	487,283	401	(80,242)	1,286,233	(1,251,338)
Total net assets - beginning	14,035,921	4,207,493	10,431	5,428,953	23,682,798	8,042,986
Total net assets - ending	\$ 14,914,712	\$ 4,694,776	\$ 10,832	\$ 5,348,711	\$ 24,969,031	\$ 6,791,648
Change in net assets - enterprise funds					\$ 1,286,233	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(88,950)	
Change in net assets - business-type activities					\$ 1,197,283	

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY, MICHIGAN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Medical Care Facility	Delinquent Tax Revolving	Refunding Sanitary Sewer No. 3 & 4	Other Enterprise Funds	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 13,794,554	\$ 3,819,860	\$ 245,278	\$ 2,690,111	\$ 20,549,803	\$ 23,771,581
Payments to suppliers	(5,105,380)	(593,873)	-	(2,009,956)	(7,709,209)	(21,001,630)
Payments to employees	(7,251,005)	(5,823)	-	(585,497)	(7,842,325)	(2,727,066)
Claims paid	-	-	-	-	-	(1,087,149)
Other receipts	-	-	-	2,249	2,249	-
Net cash provided (used) by operating activities	1,438,169	3,220,164	245,278	96,907	5,000,518	(1,044,264)
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Repayments on short-term debt	-	(5,500,000)	-	-	(5,500,000)	-
Proportionate share reimbursement	1,996,224	-	-	-	1,996,224	-
Intergovernmental transfer payment	(1,711,842)	-	-	-	(1,711,842)	-
Maintenance of effort	(40,713)	-	-	-	(40,713)	-
Interfund loan repaid	-	-	-	(61,097)	(61,097)	(77,096)
Transfers from other funds	-	-	-	110,061	110,061	76,297
Transfers to other funds	-	(2,058,000)	-	-	(2,058,000)	(919,663)
Net cash provided (used) by non-capital financing activities	243,669	(7,558,000)	-	48,964	(7,265,367)	(920,462)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(3,284,184)	(8,358)	-	(12,006)	(3,304,548)	(627,603)
Principal paid on long-term debt	-	-	(935,000)	(270,000)	(1,205,000)	(111,592)
Interest paid on long-term debt	(9,356)	-	(245,678)	(186,796)	(441,830)	(15,170)
Advance paid to other funds	(74,505)	-	-	-	(74,505)	-
Payments received on long term leases receivable	-	-	935,000	270,000	1,205,000	-
Net cash used by capital and related financing activities	(3,368,045)	(8,358)	(245,678)	(198,802)	(3,820,883)	(754,365)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Interest and dividends received	125,016	222,047	712	16,249	364,024	112,295
Net cash provided by investing activities	125,016	222,047	712	16,249	364,024	112,295
Net increase (decrease) in cash and cash equivalents	(1,561,191)	(4,124,147)	312	(36,682)	(5,721,708)	(2,606,796)
Cash and cash equivalents, January 1	10,277,250	7,822,206	10,420	1,087,547	19,197,423	9,768,428
Cash and cash equivalents, December 31	\$ 8,716,059	\$ 3,698,059	\$ 10,732	\$ 1,050,865	\$ 13,475,715	\$ 7,161,632
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 491,449	\$ 2,323,237	\$ 245,278	\$ (20,427)	\$ 3,039,537	\$ (564,820)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	357,583	4,390	-	211,105	573,078	890,109
(Increase) decrease taxes receivable	125,218	938,291	-	-	1,063,509	-
(Increase) decrease accounts receivable	55,685	(26,755)	-	14,460	43,390	(28,254)
(Increase) decrease interest receivable	-	(18,815)	-	-	(18,815)	-
(Increase) decrease due from other funds	(912)	-	-	1,421	509	(490,584)
(Increase) decrease due from other governments	-	-	6,155	2,788	8,943	-
(Increase) decrease loans receivable	-	-	-	(140,817)	(140,817)	-
(Increase) decrease inventories	(26,322)	-	-	-	(26,322)	5,978
(Increase) decrease prepaid items	-	-	-	(554)	(554)	(241,960)
Increase (decrease) accounts payable	264,480	(2,009)	-	9,940	272,411	(580,596)
Increase (decrease) salaries withheld	-	1,027	-	(10,257)	(9,230)	(1,581)
Increase (decrease) other accrued liabilities	48,714	-	-	21,945	70,659	15,174
Increase (decrease) compensated absences	14,465	-	-	-	14,465	-
Increase (decrease) patient trust liability	2,546	-	-	-	2,546	-
Increase (decrease) due to other funds	105,263	-	-	53,738	159,001	(81,131)
Increase (decrease) interest payable	-	798	(6,155)	(2,789)	(8,146)	-
Increase (decrease) current liabilities payable from restricted assets	-	-	-	(1,174)	(1,174)	(225,200)
Increase (decrease) in unearned revenue	-	-	-	(42,472)	(42,472)	258,601
Total adjustments	946,720	896,927	-	117,334	1,960,981	(479,444)
Net cash provided by operating activities	\$ 1,438,169	\$ 3,220,164	\$ 245,278	\$ 96,907	\$ 5,000,518	\$ (1,044,264)

The notes to the financial statements are an integral part of this statement.

**INGHAM COUNTY**  
**Statement of Fiduciary Net Assets--Fiduciary Funds**  
**December 31, 2005**

	<u><b>Agency Funds</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,716,409
Accounts receivable	82,834
Accrued interest receivable	<u>2,185</u>
Total assets	<u><u>\$ 7,801,428</u></u>
<b>Liabilities</b>	
Deposits held	\$ 3,454,710
Undistributed receipts	475,188
Salaries and amounts withheld therefrom	232,345
Accrued pension liability	534,112
Due to other governmental units	<u>3,105,073</u>
Total liabilities	<u><u>\$ 7,801,428</u></u>

The notes to the financial statements are an integral part of this statement.

## NOTES to the FINANCIAL STATEMENTS



# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ingham County, Michigan (the "County" or "government") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

#### A. Reporting Entity

As required by generally accepted accounting principals, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

##### Blended Component Units

**Ingham County Building Authority** - The Building Authority is governed by a three-member board appointed by the Ingham County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County's public buildings; therefore, it is reported as if it were part of the primary government.

##### Discretely Presented Component Units

**Ingham County Road Commission (the "Road Commission")** - The Road Commission, established pursuant to State statutes, is governed by a three-member board appointed by the County for six-year terms. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County's total tax levy as well as reported in the Road Commission. The Road Commission has a December 31 year end.

The Ingham County Road Commission is responsible for the maintenance and construction of approximately 1,200 miles of county roads, which are financed primarily through gasoline, diesel fuel and license plate taxes. The State distributes approximately 39% of these taxes to the county road commissions. Substantially all of the Ingham County Road Commission's revenues are derived from these State-levied taxes. No general fund monies are used for roads in Ingham County. Some Federal funding is provided for Federal Aid Routes, and townships appropriate monies on a matching basis for the betterment of local roads.

Separate financial statements for the Ingham County Road Commission are available at the office of the Ingham County Road Commission located at 301 Bush Street, Mason, Michigan 48854.

**Ingham County Economic Development Corporation (the "Corporation")** - The Corporation, which was established pursuant to State statutes and is responsible for assisting in the expansion of business in the geographic area, is governed by an 11-member board. The County appoints a voting majority of the Corporation's board and is able to impose its will through the authority to approve or disprove the Corporation's project plans. The Corporation has a December 31 year end.

Separate financial statements for the Ingham County Economic Development Corporation are not prepared, but are included herein.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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***Ingham County Drain Commission (the "Drain Commission")*** - All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 20 drainage districts consists of the Drain Commissioner, the Chair of the County Board of Commissioners and one other member of the County Board of Commissioners. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commissioner of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The Drain Commission has a December 31 year end.

Separate financial statements for the Ingham County Drain Commission are not prepared, but are included herein.

### **Joint Ventures**

In 1998, the County entered into an agreement with the City of Lansing to form the City of Lansing and County of Ingham Joint Building Authority for the purpose of constructing and managing a building in downtown Lansing that houses the courts, prosecuting attorney and other related departments. The Authority is governed by a three-member board composed of one member each appointed by the City and County and one appointed jointly by the two units. Both the County and City will contribute cash and/or property to the Authority. Bonds were issued in 1999 by the Authority to provide the additional funding necessary to construct the building. Because the joint venture agreement does not provide an explicit contractual formula outlining the County's claim to the Authority's assets, it is deemed to be a "joint venture with no equity interest." Accordingly, no amounts are reported in the accompanying financial statements for the County's equity in the Authority.

Financial information for the Joint Building Authority may be obtained by writing the Ingham County Financial Services Division, P.O. Box 319, Mason, Michigan 48854.

### **Jointly Governed Organizations**

The County, in conjunction with other local governmental and corporate entities, is responsible for appointing the members of the boards of several other organizations. The County has no significant influence over the management of these organizations. Financial accountability is limited to the extent of any appropriated operating grant. Therefore, these organizations are not included in the County's financial report.

***Tri-County Community Mental Health Board.*** The Tri-County Community Mental Health Board provides comprehensive mental health services to the residents of Ingham, Eaton, and Clinton counties. Operating revenues are derived from federal, state and local governments as well as from fees for services. The organization is governed by a 12-member board appointed by the Board of Commissioners of the three counties it serves. Ingham County's 2005 contribution to the Tri-County Community Mental Health Board was \$1,877,931.

***Tri-County Regional Planning Commission.*** The Tri-County Regional Planning Commission services Ingham, Eaton, and Clinton counties. The Commission's membership includes those counties, the City of Lansing, the City of East Lansing, Delta Township, Meridian Township and the Michigan Department of Transportation. Also included by right, are the county road commissions and transit authorities, making a total of nineteen voting members. The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three counties it serves and to the Lansing City Council with its request for allocation of funds. Each of these units contribute one-quarter of the total annual budget. Ingham County's 2005 contribution was \$95,236.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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***Ingham Regional Medical Center.*** Ingham Regional Medical Center (IRMC) includes the operations of the former Ingham Medical Center (IMC) which was a County-owned hospital. On December 30, 1992, Ingham County sold its ownership interest in IMC to Lansing General Hospital, a Michigan private non-profit corporation. Lansing General combined its operations with IMC to form a new private non-profit corporation now known as Ingham Regional Medical Center.

In addition to the economic consideration, the County received majority representation on the board of the new hospital entity for 10 years with continued representation thereafter. This relationship provides no financial benefit or burden to the County.

***Capital Region Airport Authority.*** The Capital Region Airport Authority operates the Capital City Airport and Mason Jewett Field and may acquire control over any additional airports not already in existence within the participating region. The Airport Authority is administered by a five-member board. The majority of the Board is appointed by the City of Lansing. In addition to a tax levy of up to three-quarters of a mill, the Authority receives operating funds from revenue produced by airport operations and from federal grants. The tax is collected by the County for the Authority. The County provides no funding to the Airport Authority. Additionally, the County does not hold title to any of the Airport Authority's assets, nor does it have any right to the Airport Authority's surplus.

***Capital Area District Library.*** In 1997, Ingham County and the City of Lansing established the Capital Area District Library (CADL). Effective January 1, 1998, CADL assumed operating responsibility for the 11 County library branches and one library maintained by the Lansing School District. The CADL provides library services for most of Ingham County. Excluded from the District's service areas are the City of East Lansing and other locations where the district libraries were already established.

The CADL is administered by a seven-member board. The City of Lansing appoints two board members and the County appoints the remaining five board members. Four of the seven board members must be residents of the City of Lansing or Lansing Township.

Although the County appoints a voting majority of the CADL Board, it does not have the authority to remove or censure any appointees. Furthermore, other than the initial financial support agreed to by the County, the CADL does not provide a financial benefit or impose a financial burden on the County. Accordingly, management has concluded that the County is not financially accountable for the CADL and determined that it is not a component unit of the County under guidelines established by GASB Statement No. 14.

### **Funds With Other Year Ends**

The Ingham County Housing Commission Enterprise Fund and the Ingham County Health Department, Family Court Child Care, Social Welfare and FIA Child Care Special Revenue Funds are reported on a fiscal year ended September 30, 2005, and the Ingham County Fair Board is reported on a fiscal year ended October 31, 2005.

### **B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County health department fund* accounts for the delivery of a vast array of health services to the residents of Ingham County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.

The *emergency telephone fund* accounts for the operations of the emergency telephone and dispatch system.

The *revenue sharing reserve fund* accounts for accelerated property tax collections held for the replacement of future state shared revenues.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the long-term care of elderly residents of Ingham County in a medical care unit owned and operated by Ingham County.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *refunding sanitary sewer project No. 3 and No. 4 fund* accounts for the financing of system improvements for Delhi Township.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* are used to account for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The *internal service funds* account for operations that provide services (such as building operations, data processing, employee benefits, and other services) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

The *agency funds* account for assets held for other governments in an agency capacity, specifically for library penal fines and payroll withholdings.

For business-type activities and enterprise funds, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted revenues are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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### C. Assets, Liabilities and Net Assets or Equity

#### 1. Deposits and Investments

Cash and cash equivalents include amounts in demand deposits as well as amounts in the County Treasurer's cash management pools.

The County Treasurer maintains a cash management pool for the Road Commission as well as an entity-wide cash management pool. These cash pools have the general characteristics of demand deposits in that deposits and withdrawals may be made at any time without prior notice or penalty. Each fund type's portion of this pool is included in the "Cash and cash equivalents" caption or in restricted assets.

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

#### 2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Medical Care Facility receivables are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Through 2004, the County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2005, the County recognized the full December 1, 2004 levy and the July 1, 2005 levy, which represents one-third of the total tax levy for calendar 2005. In 2006, two-thirds of the County property tax will be levied July 1 and then in 2007, and for each year thereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The assessed and taxable value of real and personal property for the December 1, 2004 levy, for which revenue was recognized in fiscal 2005, was \$6.8 billion. The general operating tax rate for this levy was at the maximum rate of 6.3512 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.3947 mills for operations of the County Transportation System, 0.7577 for operations of the Emergency Telephone Service, .5951 mills for the Juvenile Justice activity, and .4682 mills for the operations of the Airport Authority.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

The assessed and taxable value of real and personal property for the July 1, 2005 levy, for which revenue was recognized in fiscal 2005, was \$7.2 billion. The general operating tax rate for this levy was at the maximum rate of 6.3512 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

### ***3. Inventories, Prepaid Items and Deferred Asset***

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit future periods, are recorded as prepaid items.

In-kind services are due to the County from the sale of the Ingham Medical Center. The services will be provided over several years. The value of these in-kind services have been recorded as a deferred asset since the County accepted these services in lieu of a cash settlement. Accordingly, deferred revenue has been recorded in an amount equal to the deferred asset.

### ***4. Restricted Assets***

Certain revenues and resources in the proprietary fund types are classified as restricted assets on the statement of net assets because their use is limited. The restricted assets in the Housing Commission include a "subsidy receivable from Federal Government for debt service" account which is used to report the agreement between the Ingham County Housing Commission and the U.S. Department of Housing and Urban Development (HUD). The "escrow account for insurance claims" in the insurance related internal service funds is used to report funds on deposit with insurance carriers and service agencies. The Medical Care Facility's restricted assets are funds that are required to be used for capital acquisitions. In addition, the Housing Commission and Fair Board funds hold customer deposits. Restricted assets that are not available for current operations are not considered cash equivalents.

### ***5. Capital Assets***

Capital assets, which include property and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Effective January 1, 2005, the County redefined its capital assets to include assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Prior to January 1, 2005 the threshold was \$1,000 (\$500 for computer equipment). The change was not retroactive. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the useful life of the assets as follows:

Buildings and improvements	30 years
Equipment (computer, office and vehicles)	3 - 10 years

For the Road Commission component unit, capital assets are depreciated primarily by the straight-line method as follows:

	<u>Useful Life</u>
Buildings	40 years
Equipment	5-10 years
Infrastructure	8-50 years



# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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For the Drain Commission Component Unit, the drain infrastructure is depreciated using the straight-line method over a useful life of 30 years.

Infrastructure for the Road Commission and Drain Commission component units has been recorded retrospectively beginning in 1980.

### **6. *Compensated Absences***

Under existing general County rules and regulations, all regular full-time employees are eligible for paid leave in varying amounts based on length of service, which may be used for vacation, sickness, personal days, or for other reasons subject to certain rules. Unused paid leave time is paid upon employee termination, but does not accumulate beyond maximums determined by length of service. This leave time is accrued when incurred in the government-wide and proprietary fund financial statements. Accrued vacation, sick leave and other compensated absences are recorded as a governmental fund liability only if these amounts have matured as the result of employee resignations or retirements.

### **7. *Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **8. *Fund Equity***

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

### **9. *Budget Stabilization Fund***

In April, 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.

### **10. *Current and Contingent Claims***

The current and contingent claims expense shown in the internal service funds represents the net increase in the accrued liability for known claims and, where applicable, claims incurred but not reported. Claims paid during the fiscal year that were not previously accrued are also included here. See Note #IV A. "Risk Management" for additional detail.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

### II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end.

The General Fund budget and the budgets for the following special revenue funds are adopted on an activity and cost category basis as submitted or specified by the State Uniform Chart of Accounts:

- Friend of the Court Service
- Health Department
- Work Study Program
- Anti-Drug Abuse Grant
- Community Corrections
- Family Court Child Care
- Cooperative Reimbursement Prosecuting Attorney

Budgets for these funds are legally adopted using the following cost categories:

- Personnel service
- Controllable expenditures
- Noncontrollable expenditures
- Capital outlay
- Debt service

Other funds for which budgets are required by the Michigan Uniform Budgeting and Accounting Act are adopted on an activity and fund basis. This includes all special revenue funds not specified above, including the Parks, Family Independence Agency Child Care, Social Welfare, and Veterans' Trust funds which are overseen by boards other than the Board of Commissioners.

Prior to October 1, County departments, in conjunction with the Controller's staff, prepare and submit their proposed operating and capital budgets for the calendar year commencing the following January 1. Both the operating and capital budgets include proposed expenditures and the resources to finance them. The budget includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Prior to December 31, the proposed budget is presented to the County Board of Commissioners. The Board holds public hearings and may add to, subtract from or change appropriations. The budget is then legally enacted through passage of a Board resolution. Any changes in the budget must be within the revenues and reserves estimated as available by the County Controller or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Commissioners.

For internal purposes, budgetary control over expenditures is maintained at the line-item level for most governmental funds. The Board of Commissioners, however, has authorized the Controller to make budgetary transfers between all budgeted funds, activities and line-items where determined necessary by the Controller to ensure budgetary compliance at the activity and/or cost category basis. Supplemental budgetary appropriations were made during the year, but were not in amounts considered material for specific disclosure herein.

During the year ended December 31, 2005, there were no expenditures in excess of budgeted amounts at the activity or cost category level, as applicable.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

### B. Deficit Fund Equity

At December 31, 2005, the Insurance internal service fund had a deficit fund balance of \$522,092. Rates charged to other funds have been increased to eliminate this deficit.

At December 31, 2005, the GIS Study capital projects fund (a fund of the Drain Commission, a discretely presented component unit) had a deficit of \$337,878. The Drain Commission is currently soliciting contributions from other governmental units to fund this project and to eliminate the deficit.

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

The County Treasurer maintains a cash management pool that is available for use by all funds and component units. Each fund type's portion of the pool is included in "cash and cash equivalents" in the statement of net assets. Interest earned from investments purchased with pooled cash is allocated to all debt service funds, certain special revenue funds, certain fiduciary funds and certain proprietary funds on the basis of average cash balance maintained. The remaining interest earned is allocated to the General Fund.

In addition to the cash management pool, a substantial number of "depository" accounts are maintained by various County Departments for the deposit of fees, fines, and other miscellaneous revenue. These revenues are transferred to the County Treasurer on a regular basis. "Depository" accounts are also used, in some instances, where the County acts as a collection agent, e.g., court-ordered child support. Year-end book balances in these "depository" accounts are included in cash for reporting purposes.

A reconciliation of cash and cash equivalents per the financial statements follows:

	Statement of Net Assets					
		Component Units				
	Primary Government	Road Commission	Economic Development	Drain Commission	Fiduciary Funds	Total
Financial Statements:						
Cash and cash equivalents	\$ 59,350,048	\$ 734,866	\$ 3,771	\$ 13,788,818	\$ 7,716,409	\$ 81,593,912
Restricted assets - cash and cash equivalents	5,423,145	-	-	-	-	5,423,145
	<u>\$ 64,773,193</u>	<u>\$ 734,866</u>	<u>\$ 3,771</u>	<u>\$ 13,788,818</u>	<u>\$ 7,716,409</u>	<u>\$ 87,017,057</u>
Notes to Financial Statements:						
Deposits						\$ 32,200,324
Investments						50,066,759
Cash on hand						23,340
Net effect of funds with different fiscal year ends						4,794,904
Less Joint Building Authority's share of pool						(68,270)
						<u>\$ 87,017,057</u>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

As of year end, the County had the following investments:

	<b><u>Carrying Amount (Fair Value)</u></b>	<b><u>Credit Rating</u></b>
Investment:		
U.S. Agencies:		
FHLB	\$ 22,574,360	Aaa (Moody's)
FNMA	8,229,272	Aaa (Moody's)
FHLMC	2,632,867	Aaa (Moody's)
FFCB	<u>2,307,374</u>	Aaa (Moody's)
Total U.S. Agencies	<u>35,743,873</u>	
Commercial Paper:		
Oneok, Inc.	2,492,074	P-1 (Moody's)
Wellpoint, Inc.	2,464,180	P-2 (Moody's)
Rhineland Funding Capital Corporation	995,012	P-1 (Moody's)
Britannia Building Society	993,324	P-2 (Moody's)
Daimler Chrysler Corporation	<u>3,287,459</u>	P-2 (Moody's)
Total Commercial Paper	<u>10,232,049</u>	
Money Market Funds:		
Ambassador Capital Management Money Market	1,500,000	Unrated
Allegiant Governmental Money Market	284,000	Unrated
Cadre Reserve Cash Management Funds	150,000	Unrated
National City Municipal Investment Funds	<u>2,156,837</u>	Unrated
Total Money Market Funds	<u>4,090,837</u>	
	<b><u>\$ 50,066,759</u></b>	

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of year end, maturities of the County's debt securities were as follows:

	<b><u>Investment Maturities (Fair Value)</u></b>					
	<b><u>Less Than 1 Year</u></b>	<b><u>1 - 5 Years</u></b>	<b><u>6 - 10 Years</u></b>	<b><u>11 - 15 Years</u></b>	<b><u>15 - 16 Years</u></b>	<b><u>Total</u></b>
U.S. Agencies	\$ 3,328,394	\$ 11,200,083	\$ 11,256,678	\$ 8,957,758	\$ 1,000,960	\$ 35,743,873
Commercial Paper	10,232,049	-	-	-	-	10,232,049
	<b><u>\$ 13,560,443</u></b>	<b><u>\$ 11,200,083</u></b>	<b><u>\$ 11,256,678</u></b>	<b><u>\$ 8,957,758</u></b>	<b><u>\$ 1,000,960</u></b>	<b><u>\$ 45,975,922</u></b>

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings on the County's investments are presented above.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$31,713,945 of the combined bank balance of \$ 34,192,927 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. The County's U.S. agencies are held by the investment's counterparty, not in the name of the County.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

### B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	<b><u>\$ 37,613,739</u></b>
Other:	
Accounts	1,091,035
Interest	270,413
Intergovernmental	<u>13,268,569</u>
	<b><u>14,630,017</u></b>
<b>Total</b>	<b><u>\$ 52,243,756</u></b>

Receivables in the business-type activities are composed of the following:

Delinquent property taxes	<b><u>\$ 6,950,000</u></b>
Other:	
Accounts	79,127
Interest	80,543
Intergovernmental	74,998
Leases	8,220,000
Patient	1,442,781
Loans	1,118,198
Less: allowance for doubtful accounts	<u>(287,679)</u>
	<b><u>10,727,968</u></b>
<b>Total</b>	<b><u>\$ 17,677,968</u></b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General Fund	\$ 1,319,052	\$ 15,035,461
Emergency Telephone Fund	34,081	5,746,592
County Transportation System	65,313	2,668,255
Juvenile Justice Millage	40,526	4,023,159
Long-term receivables included in deferred assets	2,928,645	-
Grant revenues received in advance of being earned	-	1,599,760
	<u>\$ 4,387,617</u>	<u>\$ 29,073,227</u>

### C. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

#### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,809,611	\$ -	\$ -	\$ 4,809,611
Construction in progress	2,981,058	94,062	2,981,058	94,062
Total capital assets, not being depreciated	7,790,669	94,062	2,981,058	4,903,673
Capital assets, being depreciated:				
Buildings and improvements	71,136,427	2,806,417	-	73,942,844
Equipment and furniture	18,773,705	1,752,419	81,032	20,445,092
Total capital assets being depreciated	89,910,132	4,558,836	81,032	94,387,936
Less accumulated depreciation for:				
Buildings and improvements	29,363,552	2,279,775	-	31,643,327
Equipment and furniture	13,270,214	2,320,290	81,032	15,509,472
Total accumulated depreciation	42,633,766	4,600,065	81,032	47,152,799
Total capital assets, being depreciated, net	47,276,366	(41,229)	-	47,235,137
<b>Governmental activities capital assets, net</b>	<b>\$ 55,067,035</b>	<b>\$ 52,833</b>	<b>\$ 2,981,058</b>	<b>\$ 52,138,810</b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 464,990	\$ -	\$ -	\$ 464,990
Construction in progress	159,054	3,275,353	-	3,434,407
Total capital assets, not being depreciated	624,044	3,275,353	-	3,899,397
Capital assets, being depreciated:				
Buildings and improvements	16,781,718	-	42,732	16,738,986
Machinery and equipment	1,226,969	29,194	97,576	1,158,587
Total capital assets, being depreciated	18,008,687	29,194	140,308	17,897,573
Less accumulated depreciation for:				
Buildings and improvements	9,339,562	505,975	42,732	9,802,805
Machinery and equipment	936,322	67,103	97,576	905,849
Total accumulated depreciation	10,275,884	573,078	140,308	10,708,654
Total capital assets, being depreciated, net	7,732,803	(543,884)	-	7,188,919
<b>Business-type activities capital assets, net</b>	<b>\$ 8,356,847</b>	<b>\$ 2,731,469</b>	<b>\$ -</b>	<b>\$ 11,088,316</b>

Depreciation expense was charged to functions of the primary government as follows:

<b>Governmental activities:</b>	
General Government	\$ 1,463,066
Public Safety	1,024,875
Judicial	76,379
Culture and Recreation	259,577
Health	886,059
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	890,109
<b>Total depreciation expense - governmental activities</b>	<b>\$ 4,600,065</b>
<b>Business-type activities:</b>	
Medical Care Facility	\$ 357,583
Delinquent Tax Revolving	4,390
Housing Commission	135,790
Fair Board	72,717
Inmate Stores	2,598
<b>Total depreciation expense-business-type activities</b>	<b>\$ 573,078</b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

### Discretely Presented Component Units

**Drain Commission.** Activity for the Drain Commission for the year ended December 31, 2005 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Construction in progress	\$ 14,517,413	\$ 1,562,750	\$ 4,562,410	\$ 11,517,753
Capital assets, being depreciated -				
Equipment	1,259,186	124,836	-	1,384,022
Infrastructure	25,601,230	5,198,596	-	30,799,826
Total capital assets being depreciated	26,860,416	5,323,432	-	32,183,848
Less accumulated depreciation for -				
Equipment	1,181,102	38,214	-	1,219,316
Infrastructure	8,761,349	1,026,662	-	9,788,011
Total accumulated depreciation	9,942,451	1,064,876	-	11,007,327
Total capital assets being depreciated, net	16,917,965	4,258,556	-	21,176,521
<b>Drain Commission capital assets, net</b>	<b>\$ 31,435,378</b>	<b>\$ 5,821,306</b>	<b>\$ 4,562,410</b>	<b>\$ 32,694,274</b>



# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

**Road Commission.** Activity for the Road Commission for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,964,787	\$ -	\$ -	\$ 1,964,787
Land improvements	15,758,749	962,921	-	16,721,670
Total capital assets, not being depreciated	17,723,536	962,921	-	18,686,457
Capital assets being depreciated:				
Buildings and improvements	6,158,419	5,948	-	6,164,367
Road equipment	8,692,038	495,410	196,276	8,991,172
Shop equipment	233,608	9,921	-	243,529
Office equipment	829,906	30,059	91,901	768,064
Engineers' equipment	123,243	34,395	9,190	148,448
Yard and storage	231,607	-	-	231,607
Signals	51,877	56,295	-	108,172
Infrastructure - Roads	101,237,443	5,978,063	-	107,215,506
Infrastructure - Bridges	8,371,734	719,488	-	9,091,222
Infrastructure - Subdivisions	2,408,314	3,326,400	-	5,734,714
Total capital assets being depreciated	128,338,189	10,655,979	297,367	138,696,801
Accumulated depreciation				
Buildings and improvements	2,407,305	158,391	-	2,565,696
Road equipment	7,226,130	585,811	194,036	7,617,905
Shop equipment	168,843	8,417	-	177,260
Office equipment	633,473	73,447	90,758	616,162
Engineers' equipment	97,793	11,845	9,190	100,448
Yard and storage	183,902	6,345	-	190,247
Signals	3,458	3,458	-	6,916
Infrastructure - Roads	53,592,517	4,120,341	-	57,712,858
Infrastructure - Bridges	1,701,911	167,434	-	1,869,345
Infrastructure - Subdivisions	-	120,416	-	120,416
Total accumulated depreciation	66,015,332	5,255,905	293,984	70,977,253
Total capital assets being depreciated, net	62,322,857	5,400,074	3,383	67,719,548
Road Commission capital assets, net	\$ 80,046,393	\$ 6,362,995	\$ 3,383	\$ 86,406,005

### D. Interfund Receivables, Payables and Transfers

	Receivable	Payable
Due from/to other funds:		
General Fund	\$ 7,209,879	\$ 14,036,090
Health Department	344,882	1,801,924
Revenue Sharing Reserve Fund	11,688,156	5,261,888
Medical Care Facility	-	234,666
Nonmajor governmental funds	2,225,667	2,212,199
Nonmajor enterprise funds	-	59,254
Internal service funds	1,116,633	550,105
Total per financial statements	22,585,217	24,156,126

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

	<u>Receivable</u>	<u>Payable</u>
Adjustments for different fiscal year end:		
Health Department FYE 9/30/05	\$ 458,869	\$ -
Family Court Child Care FYE 9/30/05	1,069,368	-
Housing Commission FYE 9/30/05	-	7,882
Fair Board FYE 10/31/05	50,554	-
	<u>1,578,791</u>	<u>7,882</u>
<b>Total</b>	<b><u>\$ 24,164,008</u></b>	<b><u>\$ 24,164,008</u></b>
<b>Advances to/from other funds</b>		
General Fund	\$ 1,508,143	\$ -
Health Fund	-	150,000
Medical Care Facility	-	787,283
Nonmajor governmental funds	-	44,338
Nonmajor enterprise funds	-	156,723
Internal service funds	-	369,799
	<u>-</u>	<u>369,799</u>
<b>Total</b>	<b><u>\$ 1,508,143</u></b>	<b><u>\$ 1,508,143</u></b>
<b>Interfund receivable/payable</b>		
General Fund	\$ 4,463,060	\$ -
Health Department	-	1,572,036
Nonmajor governmental funds	-	2,891,024
	<u>-</u>	<u>2,891,024</u>
<b>Total</b>	<b><u>\$ 4,463,060</u></b>	<b><u>\$ 4,463,060</u></b>
<b>Due from/to component units and primary government</b>		
General Fund	\$ 275	\$ -
Drain Commission component unit	-	275
	<u>-</u>	<u>275</u>
<b>Total</b>	<b><u>\$ 275</u></b>	<b><u>\$ 275</u></b>
	<u>Receivable</u>	<u>Payable</u>
<b>Advances to/from component units and primary government</b>		
General Fund	\$ 633,500	\$ -
Drain Commission component unit	-	633,500
	<u>-</u>	<u>633,500</u>
<b>Total</b>	<b><u>\$ 633,500</u></b>	<b><u>\$ 633,500</u></b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

The County reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the General Fund to the Medical Care Facility was executed in order to finance a capital expansion and renovation project. The advance from the General Fund to all other funds was made in order to assist the cash position of those funds. The advance from the General Fund to component units was executed in order to assist the cash position (cash flow) of the drain commission component unit capital project activities.

<b>Interfund transfers</b>	<b><u>Transfer In</u></b>	<b><u>Transfer Out</u></b>
General Fund	\$ 7,864,285	\$ 18,380,665
Health Department	7,302,332	48,715
Emergency Telephone Fund	62,496	-
Revenue Sharing Reserve Fund	-	5,261,888
Delinquent Tax Revolving	-	2,058,000
Nonmajor governmental funds	14,587,300	3,775,476
Nonmajor enterprise funds	111,498	1,437
Internal service funds	<u>439,081</u>	<u>1,223,416</u>
<b>Total per financial statements</b>	<b>30,366,992</b>	<b>30,749,597</b>
Adjustments for different fiscal year end		
Health Department FYE 9/30/05	-	147,293
DHS Child Care FYE 9/30/05	531,336	-
Fair Board FYE 10/31/05	<u>-</u>	<u>1,438</u>
	<u>531,336</u>	<u>148,731</u>
	<b><u>\$ 30,898,328</u></b>	<b><u>\$ 30,898,328</u></b>

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

### E. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 7,873,492
Interest	344,612
Wages, fringe benefits and other accrued liabilities	3,822,795
Long-term retro-pay	414,745
Intergovernmental	<u>343,946</u>
	<b><u>\$ 12,799,590</u></b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Accounts payable and accrued liabilities in the business-type activities are as follows:

Accounts	\$	692,208
Interest		119,618
Wages, fringe benefits and other accrued liabilities		627,635
Accrued expenses and deposits		<u>133,763</u>
	\$	<u><b>1,573,224</b></u>

### F. Leases

**Capital Leases.** The County has entered into lease agreements as lessee for financing the acquisition of networking equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases and included in governmental activities are as follows:

Machinery and equipment	\$	1,361,447
Less accumulated depreciation		<u>740,906</u>
	\$	<u><b>620,541</b></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005, were as follows:

<b><u>Year Ending</u></b> <b><u>December 31,</u></b>	<b><u>Governmental</u></b> <b><u>Activities</u></b>
2006	\$ 132,601
2007	132,601
2008	<u>100,107</u>
Total minimum lease payments	365,309
Less amount representing interest	<u>(24,321)</u>
Present value of minimum lease payments	<u><b>\$ 340,988</b></u>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

**Operating Leases.** The government leases certain buildings and office space under noncancellable operating leases. Total costs for such leases were \$781,151 for the year ended December 31, 2005. Future minimum lease payments for these leases are as follows:

Year Ending December 31,	Governmental Activities		
	Joint Building Authority Lease	Other Leases	Total
2006	\$ 500,067	\$ 268,214	\$ 768,281
2007	498,222	215,631	713,853
2008	500,037	217,349	717,386
2009	498,754	213,301	712,055
2010	499,030	112,067	611,097
2011-2015	2,496,374	122,040	2,618,414
2016-2019	1,999,206	-	1,999,206
	<u>\$ 6,991,690</u>	<u>\$ 1,148,602</u>	<u>\$ 8,140,292</u>

**Operating Leases (Lessor).** The County leases certain buildings and office space to other agencies under cancelable lease agreements. The lease payments are charged other governmental entities at the pro-rata portion of the related debt service payments plus maintenance costs. The assets leased to other governmental entities under such arrangements were included in governmental activities at December 31, 2005, and were as follows:

Building and improvements	\$ 20,790,387
Less accumulated depreciation	<u>8,850,398</u>
	<u>\$ 11,939,989</u>

### G. Long-Term Debt

#### PRIMARY GOVERNMENT

**Governmental Activities.** Long-term liability activity for governmental activities for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due Within One Year
General obligation debt	\$ 28,270,000	\$ 11,694,302	\$ 13,305,000	\$ 26,659,302	\$ 2,009,562
Installment purchase	1,594,754	-	136,380	1,458,374	141,058
Capital leases	456,818	-	115,830	340,988	120,052
Other debt	207,700	-	21,154	186,546	22,297
Net compensated absences	<u>3,220,066</u>	<u>4,102,910</u>	<u>3,862,865</u>	<u>3,460,111</u>	<u>1,964,696</u>
<b>Total</b>	<u>\$ 33,749,338</u>	<u>\$ 15,797,212</u>	<u>\$ 17,441,229</u>	<u>\$ 32,105,321</u>	<u>\$ 4,257,665</u>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

**General Obligation Bonds.** The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	<b>Balance December 31, 2005</b>
\$12,735,000 1998 Ingham County Building Authority and Building Authority Refunding Bonds, due in annual installments of \$370,000 to \$925,000 through July 1, 2018; interest at 4.3% to 5.0%; callable on or after July 1, 2008 at par	\$ 3,210,000
\$10,500,000 2002 Ingham County Building Authority, due in annual installments of \$150,000 to \$840,000 through October 1, 2021; interest at 3.6% to 5.0%	9,590,000
\$2,325,000 2003 Ingham County Building Authority, due in annual installments of \$80,000 to \$180,000 through October 1, 2022; interest at 2.5% to 4.1%	2,165,000
\$11,505,000 2005 Ingham County Building Authority Refunding Bonds, due in annual installments of \$675,000 to \$1,090,000 through July 1, 2018; interest at 3.0% to 5.0%; callable on or after July 1, 2015 at par	<u>11,505,000</u>
<b>Subtotal</b>	<b>26,470,000</b>
Unamortized bond premium	487,735
Unamortized loss on refunding	<u>(298,433)</u>
<b>Total General Obligation Bonds</b>	<b><u>\$ 26,659,302</u></b>

During the year, the County issued \$11,505,000 of limited tax general obligation bonds to provide resources to refund \$5,495,000 of the 1996 Building Authority Refunding Bonds and \$6,065,000 of the 1998 Building Authority Refunding Bonds. The proceeds of the refunding were placed in an irrevocable trust to make future debt payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The remaining outstanding balance of defeased bonds is \$6,065,000. The refunding was undertaken to reduce future debt service payments by \$679,212 and resulted in an economic gain of \$479,474.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Year Ending December 31,</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2006	\$ 1,995,000	\$ 1,014,957
2007	1,955,000	1,059,923
2008	2,045,000	985,971
2009	1,945,000	908,603
2010	2,025,000	830,563
2011-2015	8,430,000	3,037,941
2016-2020	6,885,000	1,168,723
2021-2022	<u>1,190,000</u>	<u>63,560</u>
<b>Total</b>	<b><u>\$ 26,470,000</u></b>	<b><u>\$ 9,070,241</u></b>

**Installment Purchase.** In 2004, the County entered into an installment purchase agreement in the amount of \$1,594,754 to make energy efficiency improvements to its facilities. Monthly installment payments of \$191,078, including interest at 3.43% on the unpaid balance, are required through August 31, 2014. The balance of the installment purchase agreement at December 31, 2005 is \$1,458,374.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Annual debt service requirements to maturity for the installment purchase agreement are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 141,058	\$ 50,020
2007	145,896	45,182
2008	150,900	40,178
2009	156,076	35,002
2010	161,429	29,649
2011-2014	703,015	61,297
<b>Total</b>	<b>\$ 1,458,374</b>	<b>\$ 261,328</b>

**Other Debt.** Other debt has been incurred for both general government and proprietary activities. Debt applicable to proprietary activities is accounted for in the applicable proprietary fund.

Other general government debt as of December 31, 2005, consists of:

\$90,733 Special Drain Assessments at Large levied against Ingham County; annual installments of \$4,401 through 2002 and \$4,560 thereafter through 2019; interest at 4.6%	\$ 63,847
\$52,725 Special Drain Assessment at Large levied against Ingham County; annual installments of \$7,125 to \$9,261; Interest at 5%	9,262
\$137,341 Special Drain Assessment at Large levied against Ingham County; annual installments of \$8,041 to \$10,649	<u>113,437</u>
<b>Total</b>	<b><u>\$ 186,546</u></b>

Annual debt service requirements to maturity for other general government debt (i.e., drain assessments) are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 22,297	\$ 3,396
2007	13,035	2,727
2008	13,253	2,517
2009	13,470	2,308
2010	13,688	2,098
2011-2015	71,479	7,342
2016-2019	39,324	2,098
<b>Total</b>	<b>\$ 186,546</b>	<b>\$ 22,486</b>

Compensated absences have typically been liquidated by the General Fund in prior years.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

**Business-type Activities.** Long-term liability activity for the business-type activities for the year ended December 31, 2005 was as follows:

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2005</b>	<b>Due Within One Year</b>
General obligation bonds payable	\$ 9,425,000	\$ -	\$ 1,205,000	\$ 8,220,000	\$ 755,000
Delinquent tax notes payable	11,500,000	12,500,000	18,000,000	6,000,000	6,000,000
HUD Permanent note payable	20,000	-	-	20,000	-
Compensated absences	<u>282,488</u>	<u>525,386</u>	<u>516,582</u>	<u>291,292</u>	<u>291,292</u>
<b>Total</b>	<b><u>\$ 21,227,488</u></b>	<b><u>\$ 13,025,386</u></b>	<b><u>\$ 19,721,582</u></b>	<b><u>\$ 14,531,292</u></b>	<b><u>\$ 7,046,292</u></b>

At December 31, 2005, the County had outstanding \$6,000,000 of short-term general obligation tax notes. The tax notes carry a variable interest rate tied to an Eurodollar base rate. At December 31, 2005, the interest rate was 4.57%. All revenue related to 2005 delinquent real property taxes have been pledged as security for the notes.

A debt service requirement is not available for the Housing Commission's HUD permanent note. This note is guaranteed by the Federal Government. The Housing Commission has entered into an Annual Contribution Contract with the U.S. Department of Housing and Urban Development (HUD) under provisions of the United States Housing Act of 1937. In accordance with this contract, the Housing Commission receives annually a contribution from the Federal Government for debt service.

**General obligation bonds.** The County issues general obligation bonds for the acquisition and construction of water and sewer systems in local municipalities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

\$1,395,000 2002 Ingham County Sewage Disposal Bonds (City of Williamston), due in annual installments of \$20,000 to \$140,000 through May 1, 2022; interest at 4.5% to 5.1%.	\$ 1,350,000
\$490,000 1995 Ingham County Water Supply No. 2 serial bonds, due in annual installments of \$25,000 to \$30,000 through April 1, 2016; interest at 5.2% to 6.0%; callable on or after April 1, 2004, at par plus a premium of 0.0% to 1.0%	330,000
\$575,000 1997 Ingham County Water Supply No. 1 (City of Leslie) serial bonds due in annual installments of \$30,000 to \$55,000 through April 1, 2012; interest at 4.7% to 5.5%; callable on or after May 1, 2007, at par plus a premium of .50% to 1.0%	325,000
\$9,010,000 1998 Ingham County Refunding Bonds (Sanitary Sewer Projects No. 3 and 4), due in annual installments of \$400,000 to \$935,000 through November 1, 2012; interest at 3.00% to 4.15%	4,535,000
\$1,980,000 2001 Ingham County Sewage Disposal Bonds (Alaiedon Township), due in annual installments of \$100,000 to \$105,000 through November 1, 2021; interest at 4.0% to 5.1%	<u>1,680,000</u>
	<b><u>\$ 8,220,000</u></b>



# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Year Ending December 31</b>	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2006	\$ 755,000	\$ 388,474
2007	790,000	357,116
2008	825,000	323,728
2009	865,000	288,185
2010	915,000	244,537
2011-2015	2,595,000	617,103
2016-2020	1,100,000	234,517
2021-2022	375,000	16,671
<b>Total</b>	<b>\$ 8,220,000</b>	<b>\$ 2,470,331</b>

### **ROAD COMMISSION**

**Changes in Long-Term Liabilities.** Long-term liability activity for the governmental activities for the year ended December 31, 2005, was as follows:

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2005</b>	<b>Due Within One Year</b>
MTF bonds payable	\$ 325,000	\$ -	\$ 325,000	\$ -	\$ -
Land contract and installment purchase	130,940	139,200	121,804	148,336	77,280
Settlements	56,667	-	28,333	28,334	28,334
Net compensated absences	748,344	8,481	-	756,825	340,571
<b>Total</b>	<b>\$ 1,260,951</b>	<b>\$ 147,681</b>	<b>\$ 475,137</b>	<b>\$ 933,495</b>	<b>\$ 446,185</b>

**Installment Purchases.** The Road Commission has two outstanding installment purchase agreements for the acquisition of certain heavy equipment. Each contract is secured by the equipment. Payments are due in quarterly installments of \$16,393 and \$12,289, including interest of 3.5% and 4.25% per annum. Final payments are due May 15, 2006 and May 10, 2008, respectively. The balance of the installment purchase agreements at December 31, 2005 are \$32,360 and \$115,976, respectively.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

The annual requirements to pay principal and interest based on installment purchases at December 31, 2005, are as follows:

Year Ending December 31,	Governmental Activities	
	Installment Lease	
	Principal	Interest
2006	\$ 77,280	\$ 4,662
2007	46,867	2,284
2008	24,189	388
<b>Total</b>	<b>\$ 148,336</b>	<b>\$ 7,334</b>

### DRAIN COMMISSION

**Changes in Long-Term Liabilities.** During the year ended December 31, 2005, the following changes occurred in liabilities reported in the Drain Commission's long-term debt:

	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due Within One Year
Special assessment debt	\$ 15,502,016	\$ 10,116,849	\$ 1,080,888	\$24,537,977	\$ 1,140,296
Drain notes	3,788,680	3,772,870	3,788,680	3,772,870	3,772,870
Compensated absences	25,103	39,688	35,518	29,273	29,273
	<b><u>\$ 19,315,799</u></b>	<b><u>\$ 13,929,407</u></b>	<b><u>\$ 4,905,086</u></b>	<b><u>\$28,340,120</u></b>	<b><u>\$ 4,942,439</u></b>

**Special Assessment Debt.** Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Ingham County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Ingham. Special assessment debts currently outstanding are as follows:

	Balance December 31, 2005
\$4,075,000 Tollgate Drainage District serial bonds due in annual installments of \$140,000 to \$330,000 through October 1, 2016; interest at 4.8% to 6.8%; callable on or after October 1, 2006, at par	\$ 2,800,000
\$2,985,000 Groesbeck Park Drainage District serial bonds due in annual installments of \$145,000 to \$150,000 through June 1, 2019; interest at 4.25% to 5.15%; callable on or after May 1, 2009, at par	2,100,000

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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\$370,000 Tollgate Series II Drainage District serial bonds due in annual installments of \$45,000 to \$65,000 through October 1, 2006; interest at 4.70% to 6.70%	\$ 65,000
\$485,000 Webberville No. 2 Drainage District serial bonds due in annual installments of \$30,000 to \$50,000 through August 1, 2014; interest at 4.70% to 6.5%	270,000
\$523,000 consisting of two drain notes issued in 1999 due in annual installments of \$11,000 to \$100,200 through July 1, 2006; interest at 4.25% to 4.78%	11,000
\$926,016 consisting of four drain notes issued in 2004 due in annual installments of \$19,950 to \$150,888 through July 1, 2006; interest at 2.97% to 3.99%	775,128
\$440,000 consisting of one drain note issued in 2000 due in annual installments of \$44,000 through June 15, 2010; interest at 5.7%	220,000
\$2,035,000 Tobias Linn Road Branch Draining District serial bonds due in annual installments of \$40,000 to \$105,000 through August 1, 2022; interest at 4.0% to 5.0%	1,785,000
\$2,415,000 2003 Diehl Drainage District serial bonds due in annual installments of \$40,000 to \$125,000 through May 1, 2023; interest at 2.5% to 4.25%	2,250,000
\$720,000 2003 Stoner-Clement Drainage District serial bonds due in annual installments of \$35,000 to \$40,000 through May 1, 2023; interest at 3.2% to 5.2%	685,000
\$750,000 2003 Cook and Thorburn Drainage District serial bonds due in annual installments of \$35,000 to \$40,000 through May 1, 2023; interest at 3.25% to 5.25%	715,000
\$750,000 2003 Kalamink Drainage District serial bonds due in annual installments of \$35,000 to \$40,000 through May 1, 2024; interest at 3.2% to 4.85%	715,000
\$2,155,000 2003 Auctioneer Drainage District serial bonds, due in annual installments of \$105,000 to \$110,000 through May 1, 2024; interest at 2.625% to 4.6%	2,050,000
\$440,000 consisting of one drain note issued in 2005 due in annual installments of \$19,408 through January 7, 2009; interest at 3.63%	77,633
\$200,000 consisting of one intercounty drain note issued in 2005 due in annual installments of \$20,000 through June 1, 2014; interest at 3.98%	180,000
\$2,010,000 2005 Towar Snell Drainage District serial bonds due in annual installments of \$100,000 to \$105,000 through May 1, 2026; interest at 3.5% to 4.55%	2,010,000
\$7,805,000 2005 Towar Gardens Drainage District serial bonds due in annual installments of \$390,000 to \$395,000 through May 1, 2026; interest at 3.75% to 4.15%	<u>7,805,000</u>
<b>Subtotal</b>	<b>24,513,761</b>
Unamortized bond premium	<u>24,216</u>
<b>Total Special Assessment Debt</b>	<b><u>\$ 24,537,977</u></b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Annual debt service requirements to maturity for Drain Commission special assessment debt are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,140,296	\$ 1,013,115
2007	1,562,295	987,729
2008	1,586,295	927,517
2009	1,594,296	865,880
2010	1,469,814	802,464
2011-2015	7,140,765	2,910,048
2016-2020	5,655,000	1,497,252
2021-2025	3,865,000	466,617
2026	500,000	10,585
<b>Total</b>	<b>\$ 24,513,761</b>	<b>\$ 9,481,207</b>

Short-term special assessment drain notes payable totaling \$3,772,870 were outstanding at year end. These notes were issued at interest rates of 3.18% to 3.90% and are due at various dates through November 2006.

#### IV. OTHER INFORMATION

##### A. Risk Management / Self-Insurance Programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

**Liability.** The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2005, the balance of the County's member retention fund was \$742,437.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$150,000
Motor vehicle physical damage	\$16,000 per vehicle \$31,000 per occurrence
Property damage	\$11,000

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ 1,765,689	\$ 1,351,519
Incurred claims (including change in IBNR provision)	87,994	598,244
Claim payments	<u>(181,026)</u>	<u>(184,074)</u>
<b>Unpaid claims, end of year</b>	<b><u>\$ 1,672,657</u></b>	<b><u>\$ 1,765,689</u></b>

**Employee Benefits.** The County pays insurance premiums for most of its employee health insurance. Employees are also offered a high deductible, low premium health insurance plan that is self insured. The County is self insured for dental and vision coverage. These plans are accounted for in an internal service fund (i.e., the Employee Benefits Fund). The self-insured programs are administered by third-party administrators who provide claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for both commercial and self-insured programs are paid into the internal service funds by all other funds based on actual or illustrated rates. These premiums are used to purchase insurance coverage from commercial carriers or, in the case of the self-insured programs, are available to pay dental and vision claims and administrative costs.

Because management anticipates the illustrated self-insured premium rates to approximate actual costs over time and it believes that any liabilities for incurred but not reported (IBNR) claims at year end would be immaterial, no IBNR liability has been recorded.

**Unemployment.** The County is self-insured for unemployment benefits, which is also accounted for in the Employee Benefits Fund. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	64,346	109,238
Claim payments	<u>(64,346)</u>	<u>(109,238)</u>
<b>Unpaid claims, end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

**Workers' Compensation.** The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation Fund) and the Medical Care Facility Enterprise Fund. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$300,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
<b>Workers' Compensation Fund:</b>		
Unpaid claims, beginning of year	\$ 584,132	\$ 240,093
Incurred claims (including IBNR's)	137,624	562,752
Claim payments	<u>(269,792)</u>	<u>(218,713)</u>
<b>Unpaid claims, end of year</b>	<b><u>\$ 451,964</u></b>	<b><u>\$ 584,132</u></b>
<b>Medical Care Facility Fund:</b>		
Unpaid claims, beginning of year	\$ 100,000	\$ 100,000
Incurred claims (including IBNR's)	67,208	95,476
Claim payments	<u>(107,268)</u>	<u>(95,476)</u>
<b>Unpaid claims, end of year</b>	<b><u>\$ 59,940</u></b>	<b><u>\$ 100,000</u></b>

### B. Contingent Liabilities

Amounts received or receivable from grantor agencies and health care intermediaries, including Medicare and Medicaid, are subject to audit and adjustment by those grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

### C. Commitments

The County has an obligation of \$2,016,924 to replace and upgrade the public safety radio communications system in Ingham County.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

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### **D. Post-Employment Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the County provides certain health care and life insurance benefits for retired employees in accordance with negotiated labor agreements. Substantially all of the County's employees may become eligible for health insurance benefits and all full-time employees may become eligible for life insurance benefits if they reach normal retirement age while working for the County. At December 31, 2005, 386 retired employees were eligible to participate. The County incurred \$1,392,551 in post-employment benefit costs during 2005. These costs are recognized as an expense when claims or premiums are paid. Post-employment benefits are primarily funded by the County from current operating revenues; however, depending on the plan chosen, most participants are required to contribute at least partially to the premium costs.

### **E. Employee Retirement System and Plan**

#### **Plan Description**

The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

#### **Funding Policy**

The County is required to contribute at an actuarially determined rate; the current rate is 6.71% to 29.75% of annual covered payroll, depending on the department or bargaining unit. County employees are required to contribute 0.0% to 19.61% of their annual covered payroll, depending on the department or bargaining unit. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

#### **Annual Pension Cost**

For the year ended December 31, 2005, the County's annual pension cost of \$5,771,241 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll on an open basis as of December 31, 2005, the date of the latest actuarial valuation.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

### Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 4,852,075	100%	\$ -
12/31/04	5,892,271	100	-
12/31/05	5,771,241	100	-

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/03	\$ 150,287,493	\$ 199,547,894	\$ 49,260,401	75%	\$ 49,516,317	99%
12/31/04	162,405,350	215,946,290	53,540,940	75	52,999,865	101
12/31/05	173,502,595	228,698,783	55,196,188	76	53,326,694	104

### Component Unit Retirement Plan

The Ingham County Road Commission has a separate defined benefit pension plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

The Road Commission is required to contribute at an actuarially determined rate; the current rate is 11.07% to 19.81% of annual covered payroll. Employees are currently not required to contribute to the Plan. The contribution requirements of the Road Commission are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission.

For the year ended December 31, 2005, the Road Commission's annual pension cost of \$748,758 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Road Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years, as of December 31, 2004, the date of the latest actuarial valuation.



# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Continued

### Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 651,929	100	\$ -
12/31/04	751,334	100	-
12/31/05	748,758	100	-

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/02	\$ 18,754,136	\$ 22,849,281	\$ 4,095,145	82%	\$ 4,501,782	91%
12/31/03	19,792,516	24,157,395	4,364,879	82	4,659,401	94
12/31/04	20,630,903	26,235,825	5,604,922	79	4,957,245	113

#### F. Deferred Asset

In 1992, the County sold the Ingham Medical Center to an unrelated party for approximately \$24.5 million. By the terms and conditions of the sales agreement, the County received \$15.6 million in cash, \$0.8 million in land and a letter of credit for \$8.1 million. Under the letter of credit, the County could utilize the services of the former Ingham Medical Center at no cash cost through the year 2007, with the value of such services being charged against the letter of credit balance. Any balance remaining on the letter of credit after the 15-year period would be paid in cash to the County. In 1997, the sales agreement was amended to provide for a stated annual amount to be paid to the County, in either in-kind services or cash, each year through 2011, plus interest at 7.0% on the outstanding balance.

Accordingly, the County has recorded a deferred asset and an offsetting deferred revenue in the General Fund for the remaining balance, which was \$2,928,645 at December 31, 2005. During 2005, the County received \$1,426,774 of in-kind services under the amended sales agreement, which included \$1,141,840 applied towards the principal balance.

# INGHAM COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2005

Concluded

### G. Restatements

Fund balances/net assets of the Primary Government were restated as follows:

	<u>Fund Financial Statements</u>		<u>Government-wide Financial Statements</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Activities</u>
Fund balances/net assets, beginning of year, as previously reported	\$ 12,180,470	\$ 17,987,937	\$ 79,300,268
Decrease to properly recognize unrealized losses	(38,805)	-	(38,805)
Decrease to accrue liabilities	(1,780)	(454,936)	(456,716)
Decrease to recognize unavailable revenue	-	-	(5,275)
Increase to recognize unavailable property taxes	-	-	1,011,284
<b>Fund balances/net assets, beginning of year, as restated</b>	<b><u>\$ 12,139,885</u></b>	<b><u>\$ 17,533,001</u></b>	<b><u>\$ 79,810,756</u></b>

Fund balances/net assets of the Drain Commission were restated as follows:

	<u>Fund Financial Statements Capital Projects</u>	<u>Government-wide Financial Statements Governmental Activities</u>
Fund balance (deficit)/net assets, beginning of year, as previously reported	\$ (1,108,409)	\$ 16,868,886
Decrease to accrue additional liabilities	(750)	(750)
Increase to recognize unavailable special assessments	-	16,903,890
<b>Fund balance (deficit)/net assets, beginning of year, as restated</b>	<b><u>\$ (1,109,159)</u></b>	<b><u>\$ 33,772,026</u></b>

\* \* \* \* \*

**COMBINING and INDIVIDUAL FUND  
STATEMENTS and SCHEDULES**

# **MAJOR GOVERNMENTAL FUND**

## **GENERAL FUND**

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### **Description of Fund**

# MAJOR GOVERNMENTAL FUND

## GENERAL FUND

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**General Fund --** This fund is used to account for all financial transactions not required to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, State and Federal distributions, grants, and other intergovernmental revenues. General operating expenditures of the County are accounted for in this fund, including the operation of general county government; boards; commissions; the court system; and the administration of law enforcement, health, welfare, and medical assistance programs.

**INGHAM COUNTY**  
**General Fund**  
**Comparative Balance Sheets**  
**December 31, 2005**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 16,044,399	\$ 6,451,831
Property taxes receivable	12,780,553	23,612,853
Accounts receivable	144,580	363,794
Accrued interest receivable	163,427	133,138
Interfund receivable	4,463,060	4,576,228
Due from other funds	7,209,879	2,933,279
Due from component unit	275	500
Due from other governmental units	2,816,334	3,107,977
Prepaid items	126,971	471,403
Deferred asset	2,928,645	4,070,485
Advances to other funds	1,508,143	1,534,289
Advances to component unit	633,500	377,500
Total assets	<u><u>\$ 48,819,766</u></u>	<u><u>\$ 47,633,277</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 320,690	\$ 741,354
Salaries and amounts withheld therefrom	744,298	1,023,390
Due to other governmental units	66,120	62,902
Due to other funds	14,036,090	1,037,452
Due to component unit	-	-
Deferred revenue	19,368,325	32,628,294
Total liabilities	<u><u>34,535,523</u></u>	<u><u>35,493,392</u></u>
<b>Fund balance</b>		
Reserved:		
Prepaid items	126,971	471,403
Advances to other funds/component units	2,141,643	1,911,789
Contingent claims	10,000	10,000
Health services	1,610,309	1,910,309
Unreserved:		
Designated for future expenditures	2,428,077	1,144,667
Undesignated	7,967,243	6,691,717
Total fund balance	<u><u>14,284,243</u></u>	<u><u>12,139,885</u></u>
Total liabilities and fund balances	<u><u>\$ 48,819,766</u></u>	<u><u>\$ 47,633,277</u></u>

**INGHAM COUNTY, MICHIGAN**  
**General Fund**  
**Schedule of Expenditures by Cost Category**  
**Budget and Actual**  
**For the Year Ended December 31, 2005**

	Personnel Services				Controllable Expenditures			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 17,169,688	\$ 17,237,961	\$ 16,536,980	\$ 700,981	\$ 2,443,349	\$ 5,236,014	\$ 4,823,746	\$ 412,268
Public works	-	-	-	-	117,500	200,606	200,106	500
Judicial	8,108,120	8,077,767	7,689,428	388,339	3,651,915	3,650,813	3,545,900	104,913
Cultural and recreation	391,089	542,306	485,614	56,692	207,590	744,948	447,005	297,943
General government	10,719,979	10,643,609	10,292,928	350,681	2,275,600	2,226,785	2,043,987	182,798
Health	2,695	4,262	4,262	-	2,556,722	2,610,548	2,610,548	-
Welfare	257,333	257,883	249,520	8,363	59,884	47,582	44,402	3,180
Economic development	-	-	-	-	263,252	590,128	569,614	20,514
<b>Total expenditures</b>	<b>\$ 36,648,904</b>	<b>\$ 36,763,788</b>	<b>\$ 35,258,732</b>	<b>\$ 1,505,056</b>	<b>\$ 11,575,812</b>	<b>\$ 15,307,424</b>	<b>\$ 14,285,308</b>	<b>\$ 1,022,116</b>

	Noncontrollable Expenditures				Total			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 1,465,471	\$ 1,374,811	\$ 1,152,966	\$ 221,845	\$ 21,078,508	\$ 23,848,786	\$ 22,513,692	\$ 1,335,094
Public works	-	-	-	-	117,500	200,606	200,106	500
Judicial	1,235,350	938,628	896,782	41,846	12,995,385	12,667,208	12,132,110	535,098
Cultural and recreation	100,710	92,420	90,329	2,091	699,389	1,379,674	1,022,948	356,726
General government	1,115,428	1,004,181	861,972	142,209	14,111,007	13,874,575	13,198,887	675,688
Health	70	70	54	16	2,559,487	2,614,880	2,614,864	16
Welfare	20,315	30,767	22,382	8,385	337,532	336,232	316,304	19,928
Economic development	12,331	12,584	12,309	275	275,583	602,712	581,923	20,789
<b>Total expenditures</b>	<b>\$ 3,949,675</b>	<b>\$ 3,453,461</b>	<b>\$ 3,036,794</b>	<b>\$ 416,667</b>	<b>\$ 52,174,391</b>	<b>\$ 55,524,673</b>	<b>\$ 52,580,834</b>	<b>\$ 2,943,839</b>

	Capital Outlay			
	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 304,800	\$ 644,749	\$ 539,905	\$ 104,844
Judicial	7,383	6,350	1,992	4,358
General government	33,609	47,078	44,924	2,154
<b>Total expenditures</b>	<b>\$ 345,792</b>	<b>\$ 698,177</b>	<b>\$ 586,821</b>	<b>\$ 111,356</b>

## **NONMAJOR GOVERNMENTAL FUNDS**



**INGHAM COUNTY, MICHIGAN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Fund Types**  
**December 31, 2005**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 21,647,524	\$ 326,608	\$ -	\$ 21,974,132
Property taxes receivable	5,922,473	-	-	5,922,473
Accounts receivable	273,244	-	-	273,244
Accrued interest receivable	47,367	368	-	47,735
Due from other funds	2,094,432	-	131,235	2,225,667
Due from other governmental units	3,147,658	-	-	3,147,658
Prepaid items	6,728	275	-	7,003
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 33,139,426</u>	<u>\$ 327,251</u>	<u>\$ 131,235</u>	<u>\$ 33,597,912</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,592,387	\$ -	\$ -	\$ 2,592,387
Salaries and amounts withheld therefrom	258,500	-	-	258,500
Interfund payable	2,807,469	-	83,555	2,891,024
Due to other funds	2,196,970	15,229	-	2,212,199
Due to other governmental units	259,620	-	-	259,620
Deposits payable	1,000	-	-	1,000
Advances from other funds	44,338	-	-	44,338
Deferred revenue	6,779,325	122,251	-	6,901,576
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>14,939,609</u>	<u>137,480</u>	<u>83,555</u>	<u>15,160,644</u>
<b>Fund balances:</b>				
Reserved for:				
Prepaid items	6,728	-	-	6,728
Unreserved:				
Designated for future expenditures	4,172,028	-	-	4,172,028
Undesignated	14,021,061	189,771	47,680	14,258,512
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>18,199,817</u>	<u>189,771</u>	<u>47,680</u>	<u>18,437,268</u>
Total liabilities and fund balances	<u>\$ 33,139,426</u>	<u>\$ 327,251</u>	<u>\$ 131,235</u>	<u>\$ 33,597,912</u>

**INGHAM COUNTY, MICHIGAN**  
**Nonmajor Governmental Fund Types**  
**Combining Statement of Revenue, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenue</b>				
Taxes	\$ 8,450,695	\$ -	\$ -	\$ 8,450,695
Intergovernmental	11,940,191	-	258,231	12,198,422
Charges for services	1,592,097	-	-	1,592,097
Interest	234,666	1,648	1,025	237,339
Other	510,261	641,764	-	1,152,025
	<u>22,727,910</u>	<u>643,412</u>	<u>259,256</u>	<u>23,630,578</u>
<b>Expenditures</b>				
Current:				
Public safety	1,938,078	-	-	1,938,078
Public works	2,666,420	-	-	2,666,420
Culture and recreation	3,743,504	-	-	3,743,504
General government	6,238,203	-	30,867	6,269,070
Welfare	15,325,339	-	-	15,325,339
Education	73,614	-	-	73,614
Capital outlay	258,356	-	27,632	285,988
Debt service:				
Principal retirement	136,380	1,745,000	-	1,881,380
Interest and fiscal charges	54,698	1,162,987	-	1,217,685
Bond issuance costs	-	134,302	-	134,302
	<u>30,434,592</u>	<u>3,042,289</u>	<u>58,499</u>	<u>33,535,380</u>
Revenue over (under) expenditures	<u>(7,706,682)</u>	<u>(2,398,877)</u>	<u>200,757</u>	<u>(9,904,802)</u>
<b>Other financing sources (uses)</b>				
Transfers in	12,020,273	2,534,834	32,193	14,587,300
Transfers (out)	(3,538,280)	-	(237,196)	(3,775,476)
Issuance of debt	-	11,505,000	-	11,505,000
Bond premium	-	487,735	-	487,735
Payment to refunded bond escrow agent	-	(11,995,490)	-	(11,995,490)
	<u>8,481,993</u>	<u>2,532,079</u>	<u>(205,003)</u>	<u>10,809,069</u>
Net change in fund balances	775,311	133,202	(4,246)	904,267
Fund balance, beginning of year, as restated	<u>17,424,506</u>	<u>56,569</u>	<u>51,926</u>	<u>17,533,001</u>
Fund balance, end of year	<u>\$ 18,199,817</u>	<u>\$ 189,771</u>	<u>\$ 47,680</u>	<u>\$ 18,437,268</u>

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

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### **Description of Funds**

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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**Parks** -- This fund is used to account for the operations and maintenance of County owned parks and facilities. Financing is primarily provided by General Fund appropriations.

**Family Counseling Service** -- This fund is used to account for the operations of a family counseling service. Financing is provided by marriage license fees.

**Friend of the Court Service** -- This fund is used to account for mediation services regarding custody or visitation rights to parties involved in divorce. This fund is also used to account for grant revenues that are specifically restricted to the provision of Child Support Services. Financing is provided by State and Federal sources and a County appropriation.

**Brownfield Redevelopment Authority** -- This fund is used to account for taxes captured to assist in redevelopment of contaminated properties.

**Circuit Court Mediation** -- This fund is used to account for mediation program improvements. Financing is provided from forfeited deposit fees.

**ROD Automation** - This fund is used to account for the collection of \$5 of the total fee collected for each recording which is used to fund the upgrading of technology in the Register of Deed's Office.

**Local Law Enforcement Block Grant** -- This fund is used to account for a federal grant award for law enforcement.

**Hotel/Motel Accommodation Tax** -- This fund is used to account for a collection of a five percent hotel room tax. This tax provides funding for the Lansing Convention and Visitors Bureau. Board of Commissioner's resolutions allocate a portion of these revenues to promote tourism and convention business. State law limits the use of Hotel/Motel accommodation tax revenue to the development and promotion of convention and entertainment facilities.

**Public Improvements** -- This fund is used to account for the acquisition of specific public improvements and equipment for public buildings. It may also be used to account for the repair, maintenance, and alteration of public improvements and public buildings. Financing is provided from non-tax revenues generated by other funds.

**Work Study Program** -- This fund is used to account for payment of wages and fringe benefits for students working for Ingham County in an effort to supplement their education. Financing is provided through reimbursement from local educational institutions and General Fund appropriations.

**Budget Stabilization** -- This fund is used to account for funds transferred by resolution from the County's General Fund under provisions of Public Act 30 of 1978.

**Juvenile Justice Millage** -- This fund is used to account for a special millage for juvenile care.

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

CONCLUDED

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**Drug Law Enforcement** -- This fund is used to account for property forfeited pursuant to the Enforcement of Controlled Substances, Public Act 135 of 1985. Financing is provided from the sale of forfeited property. Funds provided from forfeited property can be used to pay for the expense of seizure, court costs, maintenance and expense of sale, as well as drug law enforcement activities.

**Local Correction Training** - This fund is used to account for the collection of the County jail booking fee which is used to fund the training of local corrections officers.

**Anti-Drug Abuse Grant** -- This fund is used to account for the legal costs of drug forfeiture proceedings. Financing is provided through a local grant.

**Community Corrections** -- This fund is used to account for the County's community corrections program. Ingham County and the City of Lansing have established a joint Community Corrections Advisory Board (CCAB). The CCAB follows state guidelines in directing the development and implementation of a comprehensive community corrections plan. This program is State funded.

**Law Library** -- This fund is used to record revenues provided for the maintenance of a law library. Money for the operation of this fund is from the statutory transfer of penal fines.

**Criminal Justice Training Grant** -- This fund is used to account for the distribution of criminal justice training funds from the Department of Management and Budget, Office of Criminal Justice, pursuant to Public Acts 301 and 302 of 1982. This funding provides in-service criminal justice training to police officers.

**Department of Human Services (DHS) Child Care** -- This fund is used to account for the operations necessary to provide care and supervision of children requiring out of home placement and to provide support and assistance to families in need. Financing is provided through a State grant and County appropriation.

**Social Welfare** -- This fund is used to account for funds which are provided by County, State, and Federal governments to administer the social welfare department, assist eligible recipients, and to administer various State and Federal social welfare programs.

**Family Court Child Care** -- This fund is used to account for the foster care of children. Funding comes from the State and Federal governments as well as from County appropriations.

**Veterans' Trust** -- This fund is used to account for revenue set aside for aid to veterans. Funding is supplied through State grants.

**County Transportation System** -- This fund is used to account for the operations of a transportation service for elderly and disabled County residents. Financing is provided through a County tax levy.

**Cooperative Reimbursement Prosecuting Attorney** -- This fund is used to account for grant monies which are used to provide child support services to eligible recipients. Funding is provided from State and Federal sources, and through the Michigan Family Independence Agency, Office of Child Support.

**INGHAM COUNTY, MICHIGAN**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2005**

	<b>Parks</b>	<b>Family Counseling Service</b>	<b>Friend of the Court Service</b>	<b>Brownfield Redevelopment Authority</b>	<b>Circuit Court Mediation</b>	<b>ROD Automation</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 531,360	\$ 30,810	\$ -	\$ 1,183	\$ 85,221	\$ 655,988
Property taxes receivable	-	-	-	-	-	-
Accounts receivable	1,556	345	-	-	-	-
Accrued interest receivable	25	-	-	4	-	2,888
Due from other funds	8,270	-	231,109	-	-	-
Due from other governmental units	-	-	796,302	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 541,211</u>	<u>\$ 31,155</u>	<u>\$ 1,027,411</u>	<u>\$ 1,187</u>	<u>\$ 85,221</u>	<u>\$ 658,876</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 18,055	\$ -	\$ 14,766	\$ -	\$ -	\$ 316
Salaries and amounts withheld therefrom	21,415	-	70,711	-	-	-
Interfund payables	-	-	803,640	-	-	-
Due to other funds	50,429	-	138,294	-	85,221	21,243
Due to other governmental units	473	-	-	-	-	-
Deposits payable	1,000	-	-	-	-	-
Advances from other funds	44,338	-	-	-	-	-
Deferred revenue	7,955	-	-	-	-	-
Total liabilities	<u>143,665</u>	<u>-</u>	<u>1,027,411</u>	<u>-</u>	<u>85,221</u>	<u>21,559</u>
<b>FUND BALANCES</b>						
Reserved:						
Prepaid items	-	-	-	-	-	-
Unreserved:						
Designated for future expenditures	162,004	-	-	-	-	637,317
Undesignated	235,542	31,155	-	1,187	-	-
Total fund balances	<u>397,546</u>	<u>31,155</u>	<u>-</u>	<u>1,187</u>	<u>-</u>	<u>637,317</u>
Total liabilities and fund balances	<u>\$ 541,211</u>	<u>\$ 31,155</u>	<u>\$ 1,027,411</u>	<u>\$ 1,187</u>	<u>\$ 85,221</u>	<u>\$ 658,876</u>

Local Law Enforcement Block Grant		Hotel/Motel Accommodation Tax		Public Improvements		Work Study Program		Budget Stabilization		Juvenile Justice Mileage		Drug Law Enforcement	
\$	5,320	\$	564,353	\$	2,669,211	\$	-	\$	9,322,365	\$	5,744,228	\$	149,028
	-		-		-		-		-		3,568,331		-
	-		106,631		-		7,936		-		-		-
	29		-		8,653		-		-		25,441		-
	-		-		273,515		-		-		29,906		-
	-		-		-		-		-		-		-
	-		6,728		-		-		-		-		-
\$	5,349	\$	677,712	\$	2,951,379	\$	7,936	\$	9,322,365	\$	9,367,906	\$	149,028
\$	-	\$	205,931	\$	29,831	\$	-	\$	-	\$	-	\$	-
	-		-		-		610		-		-		-
	-		-		-		7,326		-		-		-
	-		53,185		131,235		-		-		1,166,642		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	5,349		-		-		-		-		4,063,685		-
	5,349		259,116		161,066		7,936		-		5,230,327		-
	-		6,728		-		-		-		-		-
	-		411,868		2,790,313		-		-		-		149,028
	-		-		-		-		9,322,365		4,137,579		-
	-		418,596		2,790,313		-		9,322,365		4,137,579		149,028
\$	5,349	\$	677,712	\$	2,951,379	\$	7,936	\$	9,322,365	\$	9,367,906	\$	149,028

Continued...

**INGHAM COUNTY, MICHIGAN**  
**Combining Balance Sheet (Concluded)**  
**Nonmajor Special Revenue Funds**  
**December 31, 2005**

	<b>Local Correction Training</b>	<b>Anti-Drug Abuse Grant</b>	<b>Community Corrections</b>	<b>Law Library</b>	<b>Criminal Justice Training</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 138,825	\$ 25,585	\$ 9,538	\$ 12,372	\$ -
Property taxes receivable	-	-	-	-	-
Accounts receivable	13,103	-	27,712	-	5,500
Accrued interest receivable	462	-	488	-	-
Due from other funds	-	6,371	397	-	-
Due from other governmental units	-	13,157	184,331	-	33,401
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 152,390</u>	<u>\$ 45,113</u>	<u>\$ 222,466</u>	<u>\$ 12,372</u>	<u>\$ 38,901</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 83	\$ 184,335	\$ -	\$ 7,189
Salaries and amounts withheld therefrom	-	3,429	11,190	-	-
Interfund payables	-	-	-	-	2,105
Due to other funds	-	-	5,443	-	-
Due to other governmental units	-	6,147	-	-	-
Deposits payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>9,659</u>	<u>200,968</u>	<u>-</u>	<u>9,294</u>
<b>Fund balances</b>					
Reserved:					
Prepaid items	-	-	-	-	-
Unreserved:					
Designated for future expenditures	-	-	21,498	-	-
Undesignated	152,390	35,454	-	12,372	29,607
Total fund balances	<u>152,390</u>	<u>35,454</u>	<u>21,498</u>	<u>12,372</u>	<u>29,607</u>
Total liabilities and fund balances	<u>\$ 152,390</u>	<u>\$ 45,113</u>	<u>\$ 222,466</u>	<u>\$ 12,372</u>	<u>\$ 38,901</u>



DHS Child Care	Social Welfare	Family Court Child Care	Veterans' Trust	County Transportation System	Cooperative Reimbursement Prosecuting Attorney	Totals
\$ -	\$ 118,201	\$ -	\$ 2,087	\$ 1,581,749	\$ 100	\$ 21,647,524
-	-	-	-	2,354,142	-	5,922,473
2,081	102,097	6,283	-	-	-	273,244
-	-	-	-	9,377	-	47,367
373,106	68,098	1,092,843	-	-	10,817	2,094,432
10,920	120,124	1,792,364	-	-	197,059	3,147,658
-	-	-	-	-	-	6,728
\$ 386,107	\$ 408,520	\$ 2,891,490	\$ 2,087	\$ 3,945,268	\$ 207,976	\$ 33,139,426
\$ 94,687	\$ 155,520	\$ 717,920	\$ 192	\$ 1,162,207	\$ 1,355	\$ 2,592,387
-	-	140,686	-	-	10,459	258,500
291,420	-	1,515,702	-	-	187,276	2,807,469
-	-	517,182	-	19,210	8,886	2,196,970
-	253,000	-	-	-	-	259,620
-	-	-	-	-	-	1,000
-	-	-	-	-	-	44,338
-	-	-	-	2,702,336	-	6,779,325
386,107	408,520	2,891,490	192	3,883,753	207,976	14,939,609
-	-	-	-	-	-	6,728
-	-	-	-	-	-	4,172,028
-	-	-	1,895	61,515	-	14,021,061
-	-	-	1,895	61,515	-	18,199,817
\$ 386,107	\$ 408,520	\$ 2,891,490	\$ 2,087	\$ 3,945,268	\$ 207,976	\$ 33,139,426

**INGHAM COUNTY, MICHIGAN**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	<b>Parks</b>	<b>Family Counseling Service</b>	<b>Friend of the Court Service</b>	<b>Brownfield Redevelopment Authority</b>	<b>Circuit Court Mediation</b>	<b>ROD Automation</b>
<b>Revenue</b>						
Taxes	\$ -	\$ -	\$ -	\$ 574	\$ -	\$ -
Intergovernmental	50,000	-	3,283,546	-	-	-
Charges for services	318,569	-	410,827	-	-	338,680
Interest	187	-	-	27	-	17,300
Other	16,594	30,855	-	-	5,025	-
Total revenue	385,350	30,855	3,694,373	601	5,025	355,980
<b>Expenditures</b>						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	2,021,050	-	-	-	-	-
General government	-	-	4,457,358	-	-	258,306
Welfare	-	-	-	-	-	-
Education	-	21,900	-	-	-	-
Capital outlay	34,293	-	745	-	-	84,319
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,055,343	21,900	4,458,103	-	-	342,625
Revenue over (under) expenditures	(1,669,993)	8,955	(763,730)	601	5,025	13,355
<b>Other financing sources (uses)</b>						
Transfers in	1,869,852	-	792,538	-	-	-
Transfers (out)	(3,819)	-	(28,808)	-	(85,221)	(5,091)
Total other financing sources (uses)	1,866,033	-	763,730	-	(85,221)	(5,091)
Net change in fund balances	196,040	8,955	-	601	(80,196)	8,264
Fund balance, beginning of year, as restated	201,506	22,200	-	586	80,196	629,053
Fund balance, end of year	\$ 397,546	\$ 31,155	\$ -	\$ 1,187	\$ -	\$ 637,317

Local Law Enforcement Block Grant	Hotel/Motel Accommodation Tax	Public Improvements	Work Study Program	Budget Stabilization	Juvenile Justice Millage	Drug Law Enforcement
\$ -	\$ 1,913,837	\$ -	\$ -	\$ -	\$ 3,933,052	\$ -
21,741	-	-	34,167	-	4,367	-
-	-	-	-	-	-	-
182	-	70,901	-	-	84,201	-
-	-	1,500	-	-	-	102,546
21,923	1,913,837	72,401	34,167	-	4,021,620	102,546
22,833	-	-	-	-	-	18,217
-	-	-	-	-	-	-
-	1,722,454	-	-	-	-	-
-	-	1,522,539	-	-	-	-
-	-	-	-	-	26,640	-
-	-	-	51,714	-	-	-
-	-	122,005	-	-	-	-
-	-	136,380	-	-	-	-
-	-	54,698	-	-	-	-
22,833	1,722,454	1,835,622	51,714	-	26,640	18,217
(910)	191,383	(1,763,221)	(17,547)	-	3,994,980	84,329
910	-	1,282,312	17,547	320,000	-	-
-	(77,060)	(28,856)	-	-	(3,299,311)	(1,359)
910	(77,060)	1,253,456	17,547	320,000	(3,299,311)	(1,359)
-	114,323	(509,765)	-	320,000	695,669	82,970
-	304,273	3,300,078	-	9,002,365	3,441,910	66,058
\$ -	\$ 418,596	\$ 2,790,313	\$ -	\$ 9,322,365	\$ 4,137,579	\$ 149,028

Continued...

**INGHAM COUNTY, MICHIGAN**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures**  
**and Changes in Fund Balance (Concluded)**  
**For the Year Ended December 31, 2005**

	Local Correction Training	Anti-Drug Abuse Grant	Community Corrections	Law Library	Criminal Justice Training
<b>Revenue</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	92,680	741,407	-	86,612
Charges for services	76,911	-	361,193	-	-
Interest	2,845	823	2,516	-	-
Other	-	287,047	-	17,000	-
Total revenue	79,756	380,550	1,105,116	17,000	86,612
<b>Expenditures</b>					
Current:					
Public safety	-	455,546	1,350,331	-	91,151
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
General government	-	-	-	-	-
Welfare	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	16,994	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	455,546	1,350,331	16,994	91,151
Revenue over (under) expenditures	79,756	(74,996)	(245,215)	6	(4,539)
<b>Other financing sources (uses)</b>					
Transfers in	-	98,942	90,012	-	-
Transfers (out)	-	-	(955)	-	-
Total other financing sources (uses)	-	98,942	89,057	-	-
Net change in fund balances	79,756	23,946	(156,158)	6	(4,539)
Fund balance, beginning of year, as restated	72,634	11,508	177,656	12,366	34,146
Fund balance, end of year	\$ 152,390	\$ 35,454	\$ 21,498	\$ 12,372	\$ 29,607

DHS Child Care	Social Welfare	Family Court Child Care	Veterans' Trust	County Transportation System	Cooperative Reimbursement Prosecuting Attorney	Totals
\$ -	\$ -	\$ -	\$ -	2,603,232	\$ -	\$ 8,450,695
1,024,813	1,070,960	4,986,112	42,729	2,895	498,162	11,940,191
-	-	85,917	-	-	-	1,592,097
-	-	-	-	55,684	-	234,666
37,967	-	11,727	-	-	-	510,261
1,062,780	1,070,960	5,083,756	42,729	2,661,811	498,162	22,727,910
-	-	-	-	-	-	1,938,078
-	-	-	-	2,666,420	-	2,666,420
-	-	-	-	-	-	3,743,504
-	-	-	-	-	-	6,238,203
2,059,284	1,192,258	11,294,846	34,881	-	717,430	15,325,339
-	-	-	-	-	-	73,614
-	-	-	-	-	-	258,356
-	-	-	-	-	-	136,380
-	-	-	-	-	-	54,698
2,059,284	1,192,258	11,294,846	34,881	2,666,420	717,430	30,434,592
(996,504)	(121,298)	(6,211,090)	7,848	(4,609)	(219,268)	(7,706,682)
996,504	121,298	6,211,090	-	-	219,268	12,020,273
-	-	-	(7,800)	-	-	(3,538,280)
996,504	121,298	6,211,090	(7,800)	-	219,268	8,481,993
-	-	-	48	(4,609)	-	775,311
-	-	-	1,847	66,124	-	17,424,506
\$ -	\$ -	\$ -	\$ 1,895	\$ 61,515	\$ -	\$ 18,199,817

# INGHAM COUNTY, MICHIGAN

## Parks

### Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2005

	Final Budget	Actual	Variance Positive (Negative)	2004 Actual
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	50,000	45,000	1,000
Charges for services	467,340	318,569	(148,771)	278,786
Interest	-	187	187	286
Other	16,748	16,594	(154)	36,872
			-	
Total revenue	489,088	385,350	(103,738)	316,944
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,075,670	2,021,050	54,620	2,042,441
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	310,421	34,293	276,128	12,097
Debt service	-	-	-	-
Total expenditures	2,386,091	2,055,343	330,748	2,054,538
Revenue over (under) expenditures	(1,897,003)	(1,669,993)	227,010	(1,737,594)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	1,861,582	1,869,852	8,270	1,834,282
Transfers (out)	(3,819)	(3,819)	-	(4,207)
Total other financing sources (uses)	1,857,763	1,866,033	8,270	1,830,075
Net change in fund balance	(39,240)	196,040	235,280	92,481
Fund balance, beginning of year	194,582	201,506	6,924	109,025
Fund balance, end of year	\$ 155,342	\$ 397,546	\$ 242,204	\$ 201,506

**INGHAM COUNTY, MICHIGAN**  
**Family Counseling Service**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	40,000	30,855	(9,145)	32,230
Total revenue	40,000	30,855	(9,145)	32,230
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	45,000	21,900	23,100	22,017
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	45,000	21,900	23,100	22,017
Revenue over (under) expenditures	(5,000)	8,955	13,955	10,213
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(5,000)	8,955	13,955	10,213
Fund balance, beginning of year	22,200	22,200	-	11,987
Fund balance, end of year	\$ 17,200	\$ 31,155	\$ 13,955	\$ 22,200

**INGHAM COUNTY, MICHIGAN**  
**Friend of the Court Service**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,732,764	3,283,546	(449,218)	3,266,164
Charges for services	329,820	410,827	81,007	487,891
Interest	-	-	-	-
Other	100	-	(100)	19,849
Total revenue	4,062,684	3,694,373	(368,311)	3,773,904
<b>Expenditures</b>				
Welfare:				
Personnel services	4,113,650	4,009,541	104,109	3,977,327
Controllable	257,521	243,766	13,755	206,245
Noncontrollable	246,714	204,051	42,663	199,527
Capital outlay	10,000	745	9,255	-
Debt service	-	-	-	-
Total expenditures	4,627,885	4,458,103	169,782	4,383,099
Revenue over (under) expenditures	(565,201)	(763,730)	(198,529)	(609,195)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	594,009	792,538	198,529	640,828
Transfers (out)	(28,808)	(28,808)	-	(31,633)
Total other financing sources (uses)	565,201	763,730	198,529	609,195
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -



**INGHAM COUNTY, MICHIGAN**  
**Brownfield Redevelopment Authority**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ 574	\$ 574	\$ 582
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	27	27	4
Other	-	-	-	-
Total revenue	-	601	601	586
<b>Expenditures</b>				
Welfare:				
Personnel services	-	-	-	-
Controllable	-	-	-	-
Noncontrollable	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	-	601	601	586
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	601	601	586
Fund balance, beginning of year	-	586	586	-
Fund balance, end of year	\$ -	\$ 1,187	\$ 1,187	\$ 586

**INGHAM COUNTY, MICHIGAN**  
**Circuit Court Mediation Program**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	5,025	5,025	-	27,225
Total revenue	5,025	5,025	-	27,225
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	1,390
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	1,390
Revenue over (under) expenditures	5,025	5,025	-	25,835
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(85,221)	(85,221)	-	(15,000)
Total other financing sources (uses)	(85,221)	(85,221)	-	(15,000)
Net change in fund balance	(80,196)	(80,196)	-	10,835
Fund balance, beginning of year	80,196	80,196	-	69,361
Fund balance, end of year	\$ -	\$ -	\$ -	\$ 80,196

**INGHAM COUNTY, MICHIGAN**  
**ROD Automation**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	-
Charges for services	400,500	338,680	(61,820)	385,775
Interest	-	17,300	17,300	10,076
Other	-	-	-	-
Total revenue	400,500	355,980	(44,520)	395,851
<b>Expenditures</b>				
Current:				
Public safety				
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	385,813	342,625	43,188	99,417
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	17,905	-	17,905	37,304
Debt service	-	-	-	-
Total expenditures	403,718	342,625	61,093	136,721
Revenue over (under) expenditures	(3,218)	13,355	16,573	259,130
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(51,450)	(5,091)	46,359	-
Total other financing sources (uses)	(51,450)	(5,091)	46,359	-
Net change in fund balance	(54,668)	8,264	62,932	259,130
Fund balance, beginning of year	629,053	629,053	-	369,923
Fund balance, end of year	\$ 574,385	\$ 637,317	\$ 62,932	\$ 629,053

**INGHAM COUNTY, MICHIGAN**  
**Local Law Enforcement Block Grant**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	21,741	21,741	16,602
Charges for services	-	-	-	-
Interest	-	182	182	312
Other	-	-	-	-
Total revenue	-	21,923	21,923	16,914
<b>Expenditures</b>				
Current:				
Public safety	-	22,833	22,833	17,168
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	1,881
Debt service	-	-	-	-
Total expenditures	-	22,833	22,833	19,049
Revenue over (under) expenditures	-	(910)	(910)	(2,135)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	910	910	2,135
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	910	910	2,135
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**INGHAM COUNTY, MICHIGAN**  
**Hotel/Motel Accommodation Tax**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ 1,850,000	\$ 1,913,837	\$ 63,837	\$ 1,933,839
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	1,850,000	1,913,837	63,837	1,933,839
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,722,500	1,722,454	46	1,740,455
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,722,500	1,722,454	46	1,740,455
Revenue over (under) expenditures	127,500	191,383	63,883	193,384
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(127,500)	(77,060)	50,440	(126,043)
Total other financing sources (uses)	(127,500)	(77,060)	50,440	(126,043)
Net change in fund balance	-	114,323	114,323	67,341
Fund balance, beginning of year	304,273	304,273	-	236,932
Fund balance, end of year	\$ 304,273	\$ 418,596	\$ 114,323	\$ 304,273

# INGHAM COUNTY, MICHIGAN

## Public Improvements

### Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2005

	Final Budget	Actual	Variance Positive (Negative)	2004 Actual
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	18,802	70,901	52,099	46,345
Other	-	1,500	1,500	90,732
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	18,802	72,401	53,599	137,077
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	1,728,647	1,522,539	206,108	1,844,850
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	497,823	122,005	375,818	168,980
Debt service	191,078	191,078	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,417,548	1,835,622	581,926	2,013,830
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(2,398,746)	(1,763,221)	635,525	(1,876,753)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	1,594,754
Transfers in	1,789,962	1,282,312	-	1,110,607
Transfers (out)	(28,856)	(28,856)	-	(29,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,761,106	1,253,456	-	2,676,361
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(637,640)	(509,765)	127,875	799,608
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	3,300,078	3,300,078	-	2,500,470
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 2,662,438	\$ 2,790,313	\$ 127,875	\$ 3,300,078
	<hr/>	<hr/>	<hr/>	<hr/>

**INGHAM COUNTY, MICHIGAN**  
**Work Study Program**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	47,689	34,167	(13,522)	33,712
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	47,689	34,167	(13,522)	33,712
<b>Expenditures</b>				
Education:				
Personnel services	75,179	51,714	23,465	49,788
Controllable	-	-	-	-
Noncontrollable	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	75,179	51,714	23,465	49,788
Revenue over (under) expenditures	(27,490)	(17,547)	9,943	(16,076)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	27,490	17,547	(9,943)	16,076
Transfers (out)	-	-	-	-
Total other financing sources (uses)	27,490	17,547	(9,943)	16,076
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	-

**INGHAM COUNTY, MICHIGAN**  
**Budget Stabilization**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	-	-	-	-
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	320,000	320,000	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	320,000	320,000	-	-
Net change in fund balance	320,000	320,000	-	-
Fund balance, beginning of year	9,002,365	9,002,365	-	9,002,365
Fund balance, end of year	\$ 9,322,365	\$ 9,322,365	\$ -	\$ 9,002,365



**INGHAM COUNTY, MICHIGAN**  
**Juvenile Justice Milage**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$2,976,004	\$3,933,052	\$957,048	\$ 3,733,210
Intergovernmental	-	4,367	4,367	7,851
Charges for services	-	-	-	-
Interest	9,197	84,201	75,004	75,008
Other	-	-	-	-
Total revenue	2,985,201	4,021,620	1,036,419	3,816,069
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	75,789	26,640	49,149	11,135
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	75,789	26,640	49,149	11,135
Revenue over (under) expenditures	2,909,412	3,994,980	1,085,568	3,804,934
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(3,341,087)	(3,299,311)	41,776	(2,556,372)
Total other financing sources (uses)	(3,341,087)	(3,299,311)	41,776	(2,556,372)
Net change in fund balance	(431,675)	695,669	1,127,344	1,248,562
Fund balance, beginning of year, as restated	3,896,846	3,441,910	(454,936)	2,193,348
Fund balance, end of year	\$ 3,465,171	\$ 4,137,579	\$ 672,408	\$ 3,441,910

**INGHAM COUNTY, MICHIGAN**  
**Drug Law Enforcement**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	10,000	102,546	92,546	33,114
Total revenue	10,000	102,546	92,546	33,114
<b>Expenditures</b>				
Current:				
Public safety	64,728	18,217	46,511	13,144
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	64,728	18,217	46,511	13,144
Revenue over (under) expenditures	(54,728)	84,329	139,057	19,970
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(1,359)	(1,359)	-	-
Total other financing sources (uses)	(1,359)	(1,359)	-	-
Net change in fund balance	(56,087)	82,970	139,057	19,970
Fund balance, beginning of year	66,058	66,058	-	46,088
Fund balance, end of year	\$ 9,971	\$ 149,028	\$ 139,057	\$ 66,058

**INGHAM COUNTY, MICHIGAN**  
**Local Correction Training**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	-
Charges for services	-	76,911	76,911	65,461
Interest	-	2,845	2,845	569
Other	-	-	-	-
Total revenue	-	79,756	79,756	66,030
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	-	79,756	79,756	66,030
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	79,756	79,756	66,030
Fund balance, beginning of year	-	72,634	72,634	6,604
Fund balance, end of year	\$ -	\$ 152,390	\$ 152,390	\$ 72,634

**INGHAM COUNTY, MICHIGAN**  
**Anti-Drug Abuse Grant**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	98,077	92,680	(5,397)	88,598
Charges for services	-	-	-	-
Interest	-	823	823	306
Other	277,868	287,047	9,179	262,445
Total revenue	375,945	380,550	4,605	351,349
<b>Expenditures</b>				
Public Safety:				
Personnel services	194,538	184,321	10,217	177,197
Controllable	270,071	270,071	-	260,550
Noncontrollable	1,616	1,154	462	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	466,225	455,546	10,679	437,747
Revenue over (under) expenditures	(90,280)	(74,996)	15,284	(86,398)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	98,077	98,942	865	90,912
Transfers (out)	(7,797)	-	7,797	(6,643)
Total other financing sources (uses)	90,280	98,942	8,662	84,269
Net change in fund balance	-	23,946	23,946	(2,129)
Fund balance, beginning of year	11,508	11,508	-	13,637
Fund balance, end of year	\$ 11,508	\$ 35,454	\$ 23,946	\$ 11,508

# INGHAM COUNTY, MICHIGAN

## Community Corrections

### Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2005

	Final Budget	Actual	Variance Positive (Negative)	2004 Actual
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	881,105	741,407	(139,698)	747,250
Charges for services	628,711	361,193	(267,518)	471,634
Interest	6,000	2,516	(3,484)	3,196
Other	-	-	-	-
Total revenue	1,515,816	1,105,116	(410,700)	1,222,080
<b>Expenditures</b>				
Public Safety:				
Personnel services	448,779	420,046	28,733	409,236
Controllable	1,162,899	911,210	251,689	977,728
Noncontrollable	23,861	19,075	4,786	15,998
Capital outlay	3,391	-	3,391	968
Debt service	-	-	-	-
Total expenditures	1,638,930	1,350,331	288,599	1,403,929
Revenue over (under) expenditures	(123,114)	(245,215)	(122,101)	(181,849)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	92,685	90,012	(2,673)	88,342
Transfers (out)	(955)	(955)	-	(1,052)
Total other financing sources (uses)	91,730	89,057	(2,673)	87,290
Net change in fund balance	(31,384)	(156,158)	(124,774)	(94,559)
Fund balance, beginning of year	177,656	177,656	-	272,215
Fund balance, end of year	\$ 146,272	\$ 21,498	\$ (124,774)	\$ 177,656

# INGHAM COUNTY, MICHIGAN

## Law Library

### Schedule of Revenue, Expenditures and Changes in Fund Balance - Amended Budget and Actual For the Year Ended December 31, 2005

	Final Budget	Actual	Variance Positive (Negative)	2004 Actual
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	17,000	17,000	-	17,000
Total revenue	17,000	17,000	-	17,000
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	17,000	16,994	6	16,942
Debt service	-	-	-	-
Total expenditures	17,000	16,994	6	16,942
Revenue over (under) expenditures	-	6	6	58
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	6	6	58
Fund balance, beginning of year	12,366	12,366	-	12,308
Fund balance, end of year	\$ 12,366	\$ 12,372	\$ 6	\$ 12,366

**INGHAM COUNTY, MICHIGAN**  
**Criminal Justice Training Grant**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	-
Intergovernmental	106,065	86,612	(19,453)	88,304
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	106,065	86,612	(19,453)	88,304
<b>Expenditures</b>				
Current:				
Public safety	106,065	91,151	14,914	81,610
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	106,065	91,151	14,914	81,610
Revenue over (under) expenditures	-	(4,539)	(4,539)	6,694
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(4,539)	(4,539)	6,694
Fund balance, beginning of year	34,146	34,146	-	27,452
Fund balance, end of year	\$ 34,146	\$ 29,607	\$ (4,539)	\$ 34,146

**INGHAM COUNTY, MICHIGAN**  
**Department of Human Services Child Care**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,026,844	1,024,813	(2,031)	970,574
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	50,000	37,967	(12,033)	75,870
Total revenue	1,076,844	1,062,780	(14,064)	1,046,444
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	2,103,688	2,059,284	44,404	2,013,774
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,103,688	2,059,284	44,404	2,013,774
Revenue over (under) expenditures	(1,026,844)	(996,504)	30,340	(967,330)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	1,026,844	996,504	(30,340)	967,330
Transfers (out)	-	-	-	-
Total other financing sources (uses)	1,026,844	996,504	(30,340)	967,330
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -



**INGHAM COUNTY, MICHIGAN**  
**Social Welfare**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,245,588	1,070,960	(174,628)	1,235,327
Charges for services	232,889	-	(232,889)	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	1,478,477	1,070,960	(407,517)	1,235,327
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	1,531,678	1,192,258	339,420	1,257,357
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,531,678	1,192,258	339,420	1,257,357
Revenue over (under) expenditures	(53,201)	(121,298)	(68,097)	(22,030)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	53,201	121,298	68,097	22,030
Transfers (out)	-	-	-	-
Total other financing sources (uses)	53,201	121,298	68,097	22,030
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**INGHAM COUNTY, MICHIGAN**  
**Family Court Child Care**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,058,521	4,986,112	(72,409)	3,794,990
Charges for services	72,845	85,917	13,072	82,265
Interest	-	-	-	-
Other	11,690	11,727	37	9,306
Total revenue	5,143,056	5,083,756	(59,300)	3,886,561
<b>Expenditures</b>				
Welfare:				
Personnel services	4,353,879	4,343,561	10,318	3,800,321
Controllable	6,885,534	6,885,534	-	5,142,969
Noncontrollable	110,778	65,751	45,027	44,451
Capital outlay	-	-	-	8,708
Debt service	-	-	-	-
Total expenditures	11,350,191	11,294,846	55,345	8,996,450
Revenue over (under) expenditures	(6,207,135)	(6,211,090)	(3,955)	(5,109,889)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	6,207,135	6,211,090	3,955	5,109,889
Transfers (out)	-	-	-	-
Total other financing sources (uses)	6,207,135	6,211,090	3,955	5,109,889
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**INGHAM COUNTY, MICHIGAN**  
**Veterans' Trust**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	42,681	42,729	48	34,355
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	42,681	42,729	48	34,355
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	34,881	34,881	-	25,894
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	34,881	34,881	-	25,894
Revenue over (under) expenditures	7,800	7,848	48	8,461
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(7,800)	(7,800)	-	(7,800)
Total other financing sources (uses)	(7,800)	(7,800)	-	(7,800)
Net change in fund balance	-	48	48	661
Fund balance, beginning of year	1,847	1,847	-	1,186
Fund balance, end of year	\$ 1,847	\$ 1,895	\$ 48	\$ 1,847

**INGHAM COUNTY, MICHIGAN**  
**County Transportation System**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ 2,615,526	\$ 2,603,232	\$ (12,294)	\$ 2,459,148
Intergovernmental	-	2,895	2,895	5,207
Charges for services	-	-	-	-
Interest	50,894	55,684	4,790	32,842
Other	-	-	-	-
Total revenue	2,666,420	2,661,811	(4,609)	2,497,197
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	2,666,420	2,666,420	-	2,616,366
Culture and recreation	-	-	-	-
General government	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,666,420	2,666,420	-	2,616,366
Revenue over (under) expenditures	-	(4,609)	(4,609)	(119,169)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(4,609)	(4,609)	(119,169)
Fund balance, beginning of year	66,124	66,124	-	185,293
Fund balance, end of year	\$ 66,124	\$ 61,515	\$ (4,609)	\$ 66,124

**INGHAM COUNTY, MICHIGAN**  
**Cooperative Reimbursement Prosecuting Attorney**  
**Schedule of Revenue, Expenditures and Changes**  
**in Fund Balance - Amended Budget and Actual**  
**For the Year Ended December 31, 2005**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2004 Actual</b>
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	645,950	498,162	(147,788)	493,444
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total revenue	645,950	498,162	(147,788)	493,444
<b>Expenditures</b>				
Welfare:				
Personnel services	751,297	647,534	103,763	664,689
Controllable	85,865	51,196	34,669	5,728
Noncontrollable	23,805	18,700	5,105	19,598
Capital outlay	300	-	300	-
Debt service	-	-	-	18,928
Total expenditures	861,267	717,430	143,837	725,634
Revenue over (under) expenditures	(215,317)	(219,268)	(3,951)	(232,190)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Transfers in	215,317	219,268	3,951	232,190
Transfers (out)	-	-	-	-
Total other financing sources (uses)	215,317	219,268	3,951	232,190
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**NONMAJOR GOVERNMENTAL FUNDS**

**DEBT SERVICE FUNDS**

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**Description of Funds**

# **NONMAJOR GOVERNMENTAL FUNDS**

## **DEBT SERVICE FUNDS**

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**Community Mental Health (CMH)/Jail/Courthouse Refunding --** This fund is used to account for the payment of bonds related to the refunding of certain debt and for building construction, expansion and renovation projects. Funding will be provided through rents collected in the Internal Service Fund and General Fund appropriations.

**Jail Renovation 2003 -** This fund is used to account for the payment of principal and interest on bonds related to the jail renovation project. Funding will be provided by General Fund appropriations which will be supported by additional jail bed rentals.

**Refunding and Human Services Building --** This fund is used to account for payment of principal and interest on bonds related to the refunding of certain debt and for expansion of the Human Services Building. Funding is provided through rents collected in an Internal Service Fund and General Fund appropriations.

**Refunding Bonds 2005 --** This fund is used to account for payment of principal and interest on bonds related to the refunding of certain debt. Funding is provided through rents collected in an Internal Service Fund and General Fund appropriations.

**Grady Porter Building Renovation --** This fund is used to account for the retirement of bonds issued. Funding is provided by transfers from various County funds.

**INGHAM COUNTY, MICHIGAN**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2005**

<b>BUILDING AUTHORITY</b>							
	<b>CMH/Jail/ Courthouse Refunding</b>	<b>Jail Renovation 2003</b>	<b>Refunding and Human Services Building</b>	<b>Refunding Bonds 2005</b>	<b>Grady Porter Building Renovation</b>	<b>Totals</b>	
<b>Assets</b>							
Cash and cash equivalents	\$ 160,424	\$ 28,408	\$ 15,185	\$ 122,000	\$ 591	\$	326,608
Accrued interest receivable	119	201	44	4	-		368
Prepaid items	-	-	-	275	-		275
	<hr/>						
Total assets	\$ 160,543	\$ 28,609	\$ 15,229	\$ 122,279	\$ 591	\$	327,251
	<hr/>						
<b>Liabilities</b>							
Due to other funds	\$ -	\$ -	\$ 15,229	\$ -	\$ -	\$	15,229
Deferred revenue	-	-	-	122,251	-		122,251
	<hr/>						
Total liabilities	-	-	15,229	122,251	-		137,480
	<hr/>						
<b>Fund balances</b>							
Unreserved, undesignated	160,543	28,609	-	28	591		189,771
	<hr/>						
Total liabilities and fund balances	\$ 160,543	\$ 28,609	\$ 15,229	\$ 122,279	\$ 591	\$	327,251
	<hr/>						



**INGHAM COUNTY, MICHIGAN**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	<b>BUILDING AUTHORITY</b>					<b>Totals</b>
	<b>CMH/Jail/ Courthouse Refunding</b>	<b>Jail Renovation 2003</b>	<b>Refunding and Human Services Building</b>	<b>Refunding Bonds 2005</b>	<b>Grady Porter Building Renovation</b>	
<b>Revenue</b>						
Interest	\$ 1,113	\$ 71	\$ 409	\$ 28	\$ 27	\$ 1,648
Other	641,764	-	-	-	-	641,764
Total revenue	642,877	71	409	28	27	643,412
<b>Expenditures</b>						
Debt service:						
Principal retirement	685,000	80,000	620,000	-	360,000	1,745,000
Interest and fiscal charges	472,610	76,870	166,857	-	446,650	1,162,987
Refunding bond issuance costs	72,683	-	61,619	-	-	134,302
Total expenditures	1,230,293	156,870	848,476	-	806,650	3,042,289
Revenue over (under) expenditures	(587,416)	(156,799)	(848,067)	28	(806,623)	(2,398,877)
<b>Other financing sources (uses)</b>						
Transfers in	634,823	185,301	908,335	-	806,375	2,534,834
Issuance of refunding bonds	6,065,000	-	5,440,000	-	-	11,505,000
Bond premium	332,674	-	155,061	-	-	487,735
Payment to refunded bond escrow agent	(6,324,991)	-	(5,670,499)	-	-	(11,995,490)
Total other financing sources (uses)	707,506	185,301	832,897	-	806,375	2,532,079
Net change in fund balances	120,090	28,502	(15,170)	28	(248)	133,202
Fund balance, beginning of year	40,453	107	15,170	-	839	56,569
Fund balance, end of year	\$ 160,543	\$ 28,609	\$ -	\$ 28	\$ 591	\$ 189,771

# **NONMAJOR GOVERNMENTAL FUNDS**

## **CAPITAL PROJECTS FUNDS**

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### **Description of Funds**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

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**Capital Projects Control** -- This fund is a control fund for appropriations for the purchase and/or construction and improvements of capital facilities of a major nature. This fund is also used to account for construction projects that do not require a separate fund.

**Jail Renovation 2003** - This fund is used to account for the renovation of the jail.

**INGHAM COUNTY, MICHIGAN**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**December 31, 2005**

	<b>Capital Projects Control</b>	<b>Jail Renovation 2003</b>	<b>Totals</b>
<hr/>			
<b>Assets</b>			
Due from other funds	\$ 131,235	\$ -	\$ 131,235
	<hr/>		
<b>Liabilities</b>			
Interfund payable	\$ 83,555	\$ -	\$ 83,555
	<hr/>		
<b>Fund balances</b>			
Unreserved; undesignated	47,680	-	47,680
	<hr/>		
Total liabilities and fund balances	\$ 131,235	\$ -	\$ 131,235
	<hr/>		

**INGHAM COUNTY, MICHIGAN**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	<b>Capital Projects Control</b>	<b>Jail Renovation 2003</b>	<b>Totals</b>
<b>Revenue</b>			
Intergovernmental	\$ 258,231	\$ -	\$ 258,231
Interest	-	1,025	1,025
Total revenue	<u>258,231</u>	<u>1,025</u>	<u>259,256</u>
<b>Expenditures</b>			
Current:			
General government	30,867	-	30,867
Capital outlay	-	27,632	27,632
Total expenditures	<u>30,867</u>	<u>27,632</u>	<u>58,499</u>
Revenue (under) expenditures	<u>227,364</u>	<u>(26,607)</u>	<u>200,757</u>
<b>Other financing sources (uses)</b>			
Transfers in	28,856	3,337	32,193
Transfers (out)	(208,540)	(28,656)	(237,196)
Total other financing sources (uses)	<u>(179,684)</u>	<u>(25,319)</u>	<u>(205,003)</u>
Net change in fund balances	47,680	(51,926)	(4,246)
Fund balances, beginning of year	-	51,926	51,926
Fund balances, end of year	<u>\$ 47,680</u>	<u>\$ -</u>	<u>\$ 47,680</u>

## **NONMAJOR FUNDS**

### **ENTERPRISE FUNDS**

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#### **Description of Funds**

# NONMAJOR FUNDS

## ENTERPRISE FUNDS

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**Housing Commission --** This fund is used to account for the operation and maintenance of Carriage Lane Apartments, a subsidized housing complex. Funding is provided through apartment rental and a Federal subsidy.

**Homestead Property Tax Administration -** This fund is used to account for the County's portion of revenue collected from the interest imposed on homestead denials. Revenue is to be used solely for the administration of homestead property tax exemptions.

**Restricted Tax Sale Proceeds -** This fund is used to account for the administration of tax-delinquent property through the forfeiture, foreclosure and sale process.

**Fair Board --** This fund is used to account for the Ingham County Fair and the operation and maintenance of the fair grounds. Funding is provided by user charges and fair week related activities including State matching funds. The Fair also receives Hotel/Motel tax revenues which are used for repair, maintenance, and construction at the fair grounds.

**Inmate Stores --** This fund is used to account for the operations of a store for Ingham County Jail inmates. Funding is provided through sales of merchandise.

**Alaiedon Water and Sewer --** This fund is used to account for the financing of local water and sewer projects.

**Tobias-Linn Water and Sewer (Williamston) --** This fund is used to account for the financing of local water and sewer projects.

**Water/Sewer No. 1 (City of Leslie) --** This fund is used to account for the financing of local water and sewer projects.

**Water Supply Project No. 2 (Lansing Charter Township) --** This fund is used to account for the financing of local water projects.

**Sanitary Sewer Project No. 2 - (Delhi Charter Township) --** This fund is used to account for the financing of local sewer projects.

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**December 31, 2005**

	Housing Commission	Homestead Property Tax Administration	Restricted Tax Sale Proceeds	Fair Board	Inmate Stores	Alaiedon Water & Sewer
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 379,004	\$ 10,032	\$ 33,182	\$ 490,818	\$ 61,304	\$ 4,922
Accounts receivable, net	3,975	-	-	4,200	38,410	-
Accrued interest receivable	-	24	32	1,109	-	-
Due from other governmental units	-	-	-	-	-	19,373
Leases receivable	-	-	-	-	-	105,000
Prepaid items	-	-	-	1,725	-	-
Total current assets	382,979	10,056	33,214	497,852	99,714	129,295
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents:						
Customer deposits	18,994	-	-	37,229	-	-
Subsidy receivable for debt service	41,497	-	-	-	-	-
Total restricted assets	60,491	-	-	37,229	-	-
Loans receivable	1,118,198	-	-	-	-	-
Leases receivable	-	-	-	-	-	1,575,000
Capital assets:						
Land and land improvements	327,078	-	-	5,080	-	-
Building and systems	4,860,128	-	-	1,922,422	-	-
Machinery and equipment	217,902	-	-	112,125	12,990	-
Less accumulated depreciation.	(2,954,867)	-	-	(837,640)	(5,196)	-
Total capital assets (net of accumulated depreciation)	2,450,241	-	-	1,201,987	7,794	-
Total noncurrent assets	3,628,930	-	-	1,239,216	7,794	1,575,000
Total assets	4,011,909	10,056	33,214	1,737,068	107,508	1,704,295
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	108,915	-	-	14,299	21,402	-
Salaries and amounts withheld therefrom	42,401	-	-	7,179	640	-
Due to other funds	-	-	-	59,254	-	-
Accrued interest payable	-	-	-	-	-	19,373
Notes payable-current	-	-	-	-	-	105,000
Compensated absences	23,440	-	-	12,555	606	-
Unearned revenue	1,018	-	-	25,270	-	-
Total current liabilities	175,774	-	-	118,557	22,648	124,373
Current liabilities payable from restricted assets:						
Customer deposits payable	18,994	-	-	37,230	-	-
Accrued interest payable	21,497	-	-	-	-	-
Total liabilities payable from restricted assets	40,491	-	-	37,230	-	-
Total current liabilities	216,265	-	-	155,787	22,648	124,373
Noncurrent liabilities:						
Notes payable	20,000	-	-	-	-	1,575,000
Advances from other funds	-	-	-	156,723	-	-
Total noncurrent liabilities	20,000	-	-	156,723	-	1,575,000
Total liabilities	236,265	-	-	312,510	22,648	1,699,373
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	2,450,241	-	-	1,201,987	7,794	-
Restricted for debt service	-	-	-	-	-	4,922
Restricted for tax sales proceeds	-	-	33,214	-	-	-
Unrestricted	1,325,403	10,056	-	222,571	77,066	-
Total net assets	\$ 3,775,644	\$ 10,056	\$ 33,214	\$ 1,424,558	\$ 84,860	\$ 4,922



Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ 269	\$ 330	\$ 2,659	\$ 12,122	\$ 994,642
-	-	-	-	46,585
5	23	9	39	1,241
10,857	4,356	4,733	-	39,319
30,000	40,000	30,000	-	205,000
-	-	-	-	1,725
41,131	44,709	37,401	12,161	1,288,512
-	-	-	-	56,223
-	-	-	-	41,497
-	-	-	-	97,720
-	-	-	-	1,118,198
1,320,000	285,000	300,000	-	3,480,000
-	-	-	-	332,158
-	-	-	-	6,782,550
-	-	-	-	343,017
-	-	-	-	(3,797,703)
-	-	-	-	3,660,022
1,320,000	285,000	300,000	-	8,355,940
1,361,131	329,709	337,401	12,161	9,644,452
-	-	-	-	144,616
-	-	-	-	50,220
-	-	-	-	59,254
10,856	4,356	4,733	-	39,318
30,000	40,000	30,000	-	205,000
-	-	-	-	36,601
-	-	-	-	26,288
40,856	44,356	34,733	-	561,297
-	-	-	-	56,224
-	-	-	-	21,497
-	-	-	-	77,721
40,856	44,356	34,733	-	639,018
1,320,000	285,000	300,000	-	3,500,000
-	-	-	-	156,723
1,320,000	285,000	300,000	-	3,656,723
1,360,856	329,356	334,733	-	4,295,741
-	-	-	-	3,660,022
275	353	2,668	12,161	20,379
-	-	-	-	33,214
-	-	-	-	1,635,096
\$ 275	\$ 353	\$ 2,668	\$ 12,161	\$ 5,348,711

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Revenue, Expenses,**  
**and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2005**

	<b>Housing Commission</b>	<b>Homestead Property Tax Administration</b>	<b>Restricted Tax Sale Proceeds</b>	<b>Fair Board</b>	<b>Inmate Stores</b>	<b>Alaiedon Water &amp; Sewer</b>
<b>Operating revenue</b>						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,765
Sales	-	-	-	-	450,867	-
Interest	-	10,110	214	-	-	-
Other operating revenue	971,695	-	-	1,101,384	-	-
Total operating revenue	971,695	10,110	214	1,101,384	450,867	78,765
<b>Operating expenses</b>						
Administrative	285,963	1,242	-	1,118,228	378,885	-
Depreciation	135,790	-	-	72,717	2,598	-
Other operating expenses	737,865	-	-	-	-	-
Total operating expenses	1,159,618	1,242	-	1,190,945	381,483	-
Operating income (loss)	(187,923)	8,868	214	(89,561)	69,384	78,765
<b>Non-operating revenue (expenses)</b>						
Investment income	7,135	-	-	9,162	-	14
Interest and fiscal charges	-	-	-	-	-	(78,766)
Total non-operating revenue (expenses)	7,135	-	-	9,162	-	(78,752)
Income (loss) before transfers	(180,788)	8,868	214	(80,399)	69,384	13
Transfers in	-	-	33,000	78,498	-	-
Transfers (out)	-	-	-	(1,437)	-	-
Change in net assets	(180,788)	8,868	33,214	(3,338)	69,384	13
Total net assets - beginning	3,956,432	1,188	-	1,427,896	15,476	4,909
Total net assets - ending	\$ 3,775,644	\$ 10,056	\$ 33,214	\$ 1,424,558	\$ 84,860	\$ 4,922

<b>Tobias-Linn Water &amp; Sewer</b>	<b>Water/Sewer No.1</b>	<b>Water Supply No. 2</b>	<b>Sanitary Sewer No. 2</b>	<b>Totals</b>
\$ 65,792	\$ 17,932	\$ 19,720	\$ 3,905	\$ 186,114
-	-	-	-	450,867
-	-	-	-	10,324
-	-	-	-	2,073,079
65,792	17,932	19,720	3,905	2,720,384
-	-	-	-	1,784,318
-	-	-	-	211,105
7,523	-	-	-	745,388
7,523	-	-	-	2,740,811
58,269	17,932	19,720	3,905	(20,427)
46	153	71	338	16,919
(66,067)	(17,932)	(19,720)	(4,310)	(186,795)
(66,021)	(17,779)	(19,649)	(3,972)	(169,876)
(7,752)	153	71	(67)	(190,303)
-	-	-	-	111,498
-	-	-	-	(1,437)
(7,752)	153	71	(67)	(80,242)
8,027	200	2,597	12,228	5,428,953
\$ 275	\$ 353	\$ 2,668	\$ 12,161	\$ 5,348,711

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2005**

	<b>Housing Commission</b>	<b>Homestead Property Tax Administration</b>	<b>Restricted Tax Sale Proceeds</b>	<b>Fair Board</b>	<b>Inmate Stores</b>	<b>Alaiedon Water &amp; Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 934,969	\$ 10,087	\$ 182	\$ 1,102,196	\$ 456,564	\$ 78,765
Payments to suppliers	(904,611)	-	-	(754,187)	(343,635)	-
Payments to employees	(232,200)	(1,242)	-	(313,681)	(38,374)	-
Other receipts (payments)	-	-	-	2,249	-	-
Net cash provided (used) by operating activities	(201,842)	8,845	182	36,577	74,555	78,765
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund loan made (repaid)	-	-	-	(47,846)	(13,251)	-
Transfers from other funds	-	-	33,000	77,061	-	-
Net cash provided by non capital financing activities	-	-	33,000	29,215	(13,251)	-
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	-	-	-	(12,006)	-	-
Principal paid on long-term debt	-	-	-	-	-	(100,000)
Interest paid on long-term debt	-	-	-	-	-	(78,766)
Payments received on long term capital leases	-	-	-	-	-	100,000
Net cash used by capital and related financing activities	-	-	-	(12,006)	-	(78,766)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Interest and dividends received	7,135	-	-	8,547	-	14
Net cash used by investing activities	7,135	-	-	8,547	-	14
 Net increase (decrease) in cash and cash equivalents	 (194,707)	 8,845	 33,182	 62,333	 61,304	 13
Cash and cash equivalents, January 1	592,705	1,187	-	465,714	-	4,909
Cash and cash equivalents, December 31	\$ 397,998	\$ 10,032	\$ 33,182	\$ 528,047	\$ 61,304	\$ 4,922
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (187,923)	\$ 8,868	\$ 214	\$ (89,561)	\$ 69,384	\$ 78,765
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	135,790	-	-	72,717	2,598	-
(Increase) decrease accounts receivable	(132)	(23)	(32)	5,767	8,880	-
(Increase) decrease due from other funds	-	-	-	1,421	-	-
(Increase) decrease intergovernmental receivables	-	-	-	-	-	1,000
(Increase) decrease loans receivable	(140,817)	-	-	-	-	-
(Increase) decrease prepaid items	-	-	-	(554)	-	-
Increase (decrease) accounts payable	5,631	-	-	7,312	(3,003)	-
Increase (decrease) salaries withheld	-	-	-	(10,136)	(121)	-
Increase (decrease) other accrued liabilities	21,945	-	-	-	-	-
Increase (decrease) due to other funds	-	-	-	53,738	-	-
Increase (decrease) interest payable	-	-	-	-	-	(1,000)
Increase (decrease) current liabilities payable from restricted assets	258	-	-	(1,432)	-	-
Increase (decrease) in unearned revenue	(36,594)	-	-	(2,695)	(3,183)	-
Total adjustments	(13,919)	(23)	(32)	126,138	5,171	-
Net cash provided (used) by operating activities	\$ (201,842)	\$ 8,845	\$ 182	\$ 36,577	\$ 74,555	\$ 78,765

<b>Tobias-Linn Water &amp; Sewer</b>	<b>Water/Sewer No.1</b>	<b>Water Supply No. 2</b>	<b>Sanitary Sewer No. 2</b>	<b>Totals</b>
\$ 65,791	\$ 17,932	\$ 19,720	\$ 3,905	\$ 2,690,111
(7,523)	-	-	-	(2,009,956)
-	-	-	-	(585,497)
-	-	-	-	2,249
58,268	17,932	19,720	3,905	96,907
-	-	-	-	(61,097)
-	-	-	-	110,061
-	-	-	-	48,964
-	-	-	-	(12,006)
(25,000)	(40,000)	(30,000)	(75,000)	(270,000)
(66,067)	(17,932)	(19,720)	(4,311)	(186,796)
25,000	40,000	30,000	75,000	270,000
(66,067)	(17,932)	(19,720)	(4,311)	(198,802)
46	130	64	313	16,249
46	130	64	313	16,249
(7,753)	130	64	(93)	(36,682)
8,022	200	2,595	12,215	1,087,547
\$ 269	\$ 330	\$ 2,659	\$ 12,122	\$ 1,050,865
\$ 58,269	\$ 17,932	\$ 19,720	\$ 3,905	\$ (20,427)
-	-	-	-	211,105
-	-	-	-	14,460
-	-	-	-	1,421
187	510	391	700	2,788
-	-	-	-	(140,817)
-	-	-	-	(554)
-	-	-	-	9,940
-	-	-	-	(10,257)
-	-	-	-	21,945
-	-	-	-	53,738
(188)	(510)	(391)	(700)	(2,789)
-	-	-	-	(1,174)
-	-	-	-	(42,472)
(1)	-	-	-	117,334
\$ 58,268	\$ 17,932	\$ 19,720	\$ 3,905	\$ 96,907

# **INTERNAL SERVICE FUNDS**

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**Description of Funds**

## INTERNAL SERVICE FUNDS

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**Building Authority Operating Fund** -- This fund is used to record the rent collections and operating costs of several Building Authority facilities.

**Data Processing** -- This fund is used to account for the operations of the Data Processing Department. Funding is provided through departmental user charges, contractual agreements.

**Inter-Governmental Service** -- This fund is used to account for the operations of the County print shop, central stores, courier services and inmate pay telephones. Funding is provided through user service fees and sales.

**Office Equipment Pool** -- This fund is used to account for the purchase of office equipment in most governmental fund types. Funding is provided from user charges.

**Telephone** -- This fund is used to account for payment of telephone services throughout the County. Money for the operation of this fund is supplied by charges to the various funds involved.

**Insurance** -- This fund is used to account for the liability insurance coverage to the County and other funds within this unit of government. Money for the operation of this fund is supplied by charges to the various funds involved in the self-insurance program.

**Utilities Revolving** -- This fund is used to account for the budgeting and payment of various utility services throughout the County. Money for the operation of this fund is supplied by charges to the various funds involved.

**Workers' Compensation** -- This fund is used to record worker's compensation expenses and premium coverage from catastrophic loss. Financing for this fund is provided by departmental user contributions.

**Employee Benefits** -- This fund is used to account for various employee benefits which include health, dental, life, and disability insurance; future pension benefit obligations; and unemployment compensation claims. Funding for this fund is provided by revenues collected from user departments.

# INGHAM COUNTY, MICHIGAN

## Combining Statement of Net Assets

### Internal Service Funds

December 31, 2005

	Building Authority Operations	Data Processing	Inter- Governmental Service	Office Equipment Pool
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 902,525	\$ 318,907	\$ 405,214	\$ 1,422,209
Accounts receivable	128,990	8,933	-	2,040
Accrued interest receivable	-	-	-	-
Due from other governments	89,232	-	-	-
Due from other funds	47,667	460,780	11,919	142,536
Inventories	-	-	11,890	925
Prepaid items	-	-	-	-
Total current assets	1,168,414	788,620	429,023	1,567,710
Noncurrent assets:				
Restricted cash and cash equivalents	301,442	-	-	-
Escrow account for insurance claims	-	-	-	-
Total restricted assets	301,442	-	-	-
Long-term accounts receivable	369,799	-	-	-
Capital assets:				
Machinery and equipment	571,942	1,287,955	63,184	4,900,684
Less accumulated depreciation	(273,483)	(1,086,881)	(46,984)	(3,042,132)
Total capital assets (net of accumulated depreciation)	298,459	201,074	16,200	1,858,551
Total noncurrent assets	969,700	201,074	16,200	1,858,551
Total assets	2,138,114	989,694	445,223	3,426,261
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	47,913	8,184	3,702	147,284
Salaries and amounts withheld therefrom	12,326	28,377	2,680	-
Other accrued liabilities	-	-	-	-
Due to other funds	48,178	2,826	379,267	7,556
Capital leases payable - current	-	-	-	-
Compensated absences	34,257	81,156	8,293	-
Deferred revenue	260,297	-	-	-
Total current liabilities	402,971	120,543	393,942	154,840
Noncurrent liabilities:				
Capital leases payable	-	-	-	-
Contingent claims	-	-	-	-
Advances from other funds	369,799	-	-	-
Total noncurrent liabilities	369,799	-	-	-
Total liabilities	772,770	120,543	393,942	154,840
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	298,459	201,074	16,200	1,858,551
Restricted	301,442	32,076	12,322	40,291
Unrestricted (deficit)	765,443	636,001	22,759	1,372,579
Total net assets	\$ 1,365,344	\$ 869,151	\$ 51,281	\$ 3,271,421



Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefits	Totals
\$ 50,464	\$ 65,935	\$ 28,988	\$ 1,446,117	\$ 1,345,779	\$ 5,986,138
15,743	-	-	-	22,756	178,462
-	2,121	-	6,654	3,062	11,837
-	-	-	-	-	89,232
96,642	148,294	-	-	208,795	1,116,633
63	-	-	-	-	12,878
260	241,471	-	-	229	241,960
163,172	457,821	28,988	1,452,771	1,580,621	7,637,140
-	-	-	-	-	301,442
-	743,189	-	30,000	100,863	874,052
-	743,189	-	30,000	100,863	1,175,494
-	-	-	-	-	369,799
732,360	-	-	-	11,567	7,567,692
(289,562)	-	-	-	(7,076)	(4,746,118)
442,798	-	-	-	4,491	2,821,573
442,798	743,189	-	30,000	105,354	4,366,866
605,970	1,201,010	28,988	1,482,771	1,685,975	12,004,006
19	-	10,480	77,926	1,089,771	1,385,279
677	-	-	-	4,325	48,385
-	1,672,657	-	-	7,837	1,680,494
-	50,445	-	60,534	1,299	550,105
115,461	-	-	-	-	115,461
2,636	-	-	-	10,625	136,967
-	-	-	-	3,034	263,331
118,793	1,723,102	10,480	138,460	1,116,891	4,180,022
210,573	-	-	-	-	210,573
-	-	-	451,964	-	451,964
-	-	-	-	-	369,799
210,573	-	-	451,964	-	1,032,336
329,366	1,723,102	10,480	590,424	1,116,891	5,212,358
116,764	-	-	-	4,491	2,495,539
-	-	-	-	100,863	486,994
159,840	(522,092)	18,508	892,347	463,730	3,809,115
\$ 276,604	\$ (522,092)	\$ 18,508	\$ 892,347	\$ 569,084	\$ 6,791,648

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Revenue, Expenses**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2005**

	<b>Building Authority Operations</b>	<b>Data Processing</b>	<b>Inter- Governmental Service</b>	<b>Office Equipment Pool</b>
<b>Operating revenue</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,000
Charges for services	-	2,177,206	289,012	-
Other	2,768,762	5,000	368,498	586,877
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenue	2,768,762	2,182,206	657,510	590,877
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating expenses</b>				
Administrative	2,311,705	2,000,639	280,018	554,493
Fees and insurance	-	-	-	-
Retirement contributions	-	-	-	-
Current and contingent claims	-	-	-	-
Depreciation	44,725	212,912	9,677	540,380
Other operating expenses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	2,356,430	2,213,551	289,695	1,094,873
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	412,332	(31,345)	367,815	(503,996)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Non-operating revenue (expense)</b>				
Interest revenue	9,329	-	-	-
Interest expense	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating revenue (expenses)	9,329	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income (loss) before transfers	421,661	(31,345)	367,815	(503,996)
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers in	107,473	-	-	275,031
Transfers (out)	(731,585)	-	(379,000)	(83,313)
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	(202,451)	(31,345)	(11,185)	(312,278)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets - beginning	1,567,795	900,496	62,466	3,583,699
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets - ending	\$ 1,365,344	\$ 869,151	\$ 51,281	\$ 3,271,421
	<hr/>	<hr/>	<hr/>	<hr/>

Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefits Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	4,000
581,269	510,518	308,734	30	16,318,721	20,185,490
-	-	-	-	-	3,729,137
581,269	510,518	308,734	30	16,318,721	23,918,627
-	-	290,711	122,541	339,646	5,899,753
-	952,188	-	13,529	9,602,814	10,568,531
-	-	-	-	5,771,505	5,771,505
-	87,994	-	137,624	668,778	894,396
81,840	-	-	-	575	890,109
401,219	43,998	-	-	13,936	459,153
483,059	1,084,180	290,711	273,694	16,397,254	24,483,447
98,210	(573,662)	18,023	(273,664)	(78,533)	(564,820)
-	42,010	-	39,605	22,043	112,987
(15,170)	-	-	-	-	(15,170)
(15,170)	42,010	-	39,605	22,043	97,817
83,040	(531,652)	18,023	(234,059)	(56,490)	(467,003)
-	-	-	47,577	9,000	439,081
(28,722)	-	-	-	(796)	(1,223,416)
54,318	(531,652)	18,023	(186,482)	(48,286)	(1,251,338)
222,286	9,560	485	1,078,829	617,370	8,042,986
\$ 276,604	\$ (522,092)	\$ 18,508	\$ 892,347	\$ 569,084	\$ 6,791,648

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2005**

	<b>Building Authority Operations</b>	<b>Data Processing</b>	<b>Inter- Governmental Service</b>	<b>Office Equipment Pool</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 3,420,505	\$ 1,789,224	\$ 679,546	\$ 480,637
Payments to suppliers	(1,716,901)	(486,000)	(105,955)	(453,223)
Payments to employees	(653,304)	(1,533,026)	(173,768)	-
Claims paid	-	-	-	-
Net cash provided (used) by operating activities	<u>1,050,300</u>	<u>(229,802)</u>	<u>399,823</u>	<u>27,414</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intrafund loan made or paid	(48,374)	-	-	-
Transfers from other funds	19,720	-	-	-
Transfers to other funds	(731,585)	-	(379,000)	191,718
Net cash provided (used) by noncapital financing activities	<u>(760,239)</u>	<u>-</u>	<u>(379,000)</u>	<u>191,718</u>
<b>CASH FLOW FROM CAPITAL AND AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Acquisition and construction of capital assets	(2,082)	(29,900)	-	(591,705)
Net cash used by capital and related financing activities	<u>(2,082)</u>	<u>(29,900)</u>	<u>-</u>	<u>(591,705)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	9,329	-	-	-
Net cash used by investing activities	<u>9,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	297,308	(259,702)	20,823	(372,573)
Cash and cash equivalents, January 1	906,659	578,609	384,391	1,794,782
Cash and cash equivalents, December 31	<u>\$ 1,203,967</u>	<u>\$ 318,907</u>	<u>\$ 405,214</u>	<u>\$ 1,422,209</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 412,332	\$ (31,345)	\$ 367,815	\$ (503,996)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	44,725	212,912	9,677	540,380
(Increase) decrease accounts receivable	(20,138)	(3,833)	-	(1)
(Increase) decrease due from other funds	304,111	(389,149)	16,439	(110,239)
(Increase) decrease inventories	-	-	5,597	-
(Increase) decrease prepaid items	-	-	-	-
Increase (decrease) accounts payable	74,725	(27,391)	(1,644)	93,714
Increase (decrease) salaries withheld	(1,530)	(936)	-	-
Increase (decrease) other accrued liabilities	-	10,147	1,397	-
Increase (decrease) due to other funds	(24,222)	(207)	542	7,556
Increase (decrease) current liabilities payable from restricted assets	-	-	-	-
Increase (decrease) deferred revenue	260,297	-	-	-
Total adjustments	<u>637,968</u>	<u>(198,457)</u>	<u>32,008</u>	<u>531,410</u>
Net cash provided (used) by operating activities	<u>\$ 1,050,300</u>	<u>\$ (229,802)</u>	<u>\$ 399,823</u>	<u>\$ 27,414</u>

Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefit Fund	Totals
\$ 479,835	\$ 362,224	\$ 320,734	\$ 6,348	\$ 16,232,528	\$ 23,771,581
(385,392)	(1,212,308)	(292,882)	(136,070)	(16,212,899)	(21,001,630)
(30,146)	-	-	-	(336,822)	(2,727,066)
-	(181,026)	-	(237,345)	(668,778)	(1,087,149)
64,297	(1,031,110)	27,852	(367,067)	(985,971)	(1,044,264)
(28,722)	-	-	-	-	(77,096)
-	-	-	47,577	9,000	76,297
-	-	-	-	(796)	(919,663)
(28,722)	-	-	47,577	8,204	(920,462)
(111,592)	-	-	-	-	(111,592)
(15,170)	-	-	-	-	(15,170)
-	-	-	-	(3,916)	(627,603)
(126,762)	-	-	-	(3,916)	(754,365)
-	42,011	-	38,993	21,962	112,295
-	42,011	-	38,993	21,962	112,295
(91,187)	(989,099)	27,852	(280,497)	(959,721)	(2,606,796)
141,651	1,798,223	1,136	1,756,614	2,406,363	9,768,428
\$ 50,464	\$ 809,124	\$ 28,988	\$ 1,476,117	\$ 1,446,642	\$ 7,161,632
\$ 98,210	\$ (573,662)	\$ 18,023	\$ (273,664)	\$ (78,533)	\$ (564,820)
81,840	-	-	-	575	890,109
(13,975)	-	-	232	9,461	(28,254)
(87,580)	(148,294)	12,000	6,086	(93,958)	(490,584)
381	-	-	-	-	5,978
(260)	(241,471)	-	-	(229)	(241,960)
(13,512)	3,150	(2,171)	159	(707,626)	(580,596)
1,465	-	-	-	(580)	(1,581)
-	-	-	-	3,630	15,174
(2,272)	22,199	-	32,288	(117,015)	(81,131)
-	(93,032)	-	(132,168)	-	(225,200)
-	-	-	-	(1,696)	258,601
(33,913)	(457,448)	9,829	(93,403)	(907,438)	(479,444)
\$ 64,297	\$ (1,031,110)	\$ 27,852	\$ (367,067)	\$ (985,971)	\$ (1,044,264)

# **FIDUCIARY FUNDS**

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**Description of Funds**

## FIDUCIARY FUNDS

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### Agency Funds:

**Library Penal Fines --** This fund is used to account for money that is received from the courts for fines imposed as a result of State law violations.

**Agency --** This fund is used to account for assets held by Ingham County acting as an agent for individuals, private organizations and other governmental units.

**Payroll --** This fund is used to account for the payroll paid to County employees. The payroll is paid from this fund after reimbursement from the benefited funds where the cost of payroll is expensed. The payroll deductions accumulate in this fund until paid to the creditors of the County.

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Fiduciary Net Assets--Agency Funds**  
**December 31, 2005**

	<b>Library</b>				
	<b>Penal Fines</b>	<b>Agency</b>	<b>Payroll</b>	<b>Totals</b>	
<b>Assets</b>					
Cash and cash equivalents	\$ 436,905	\$ 6,513,210	\$ 766,294	\$ 7,716,409	
Accounts receivable	36,098	46,573	163	82,834	
Accrued interest receivable	2,185	-	-	2,185	
Total assets	<u>\$ 475,188</u>	<u>\$ 6,559,783</u>	<u>\$ 766,457</u>	<u>\$ 7,801,428</u>	
<b>Liabilities</b>					
Deposits held	\$ -	\$ 3,454,710	\$ -	\$ 3,454,710	
Undistributed receipts	475,188	-	-	475,188	
Salaries and amounts withheld therefrom	-	-	232,345	232,345	
Accrued pension liability	-	-	534,112	534,112	
Due to other governmental units	-	3,105,073	-	3,105,073	
Total liabilities	<u>\$ 475,188</u>	<u>\$ 6,559,783</u>	<u>\$ 766,457</u>	<u>\$ 7,801,428</u>	



**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Changes**  
**in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended December 31, 2005**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b><u>Library Penal Fines</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 495,213	\$ 1,217,617	\$ 1,275,925	\$ 436,905
Accounts receivable	14,996	36,098	14,996	36,098
Accrued interest receivable	1,759	2,185	1,759	2,185
Total assets	<b>\$ 511,968</b>	<b>\$ 1,255,900</b>	<b>\$ 1,292,680</b>	<b>\$ 475,188</b>
<b>Liabilities</b>				
Undistributed receipts	<b>\$ 511,968</b>	<b>\$ 873,310</b>	<b>\$ 910,090</b>	<b>\$ 475,188</b>

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b><u>Agency</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 6,516,240	\$ 239,118,992	\$ 239,122,022	\$ 6,513,210
Accounts receivable	98,721	50,725	102,873	46,573
Due from other funds	-	132,246	132,246	-
Total assets	<b>\$ 6,614,961</b>	<b>\$ 239,301,963</b>	<b>\$ 239,357,141</b>	<b>\$ 6,559,783</b>
<b>Liabilities</b>				
Deposits held	\$ 4,039,313	\$ 235,476,776	\$ 236,061,379	\$ 3,454,710
Due to other governmental units	2,575,648	85,687,356	85,157,931	3,105,073
Total liabilities	<b>\$ 6,614,961</b>	<b>\$ 321,164,132</b>	<b>\$ 321,219,310</b>	<b>\$ 6,559,783</b>

Continued..

**INGHAM COUNTY, MICHIGAN**  
**Combining Statement of Changes**  
**in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2005**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Payroll</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,061,616	\$ 41,156,163	\$ 41,451,485	\$ 766,294
Accounts receivable	1,640	1,838	3,315	163
Total assets	<b>\$ 1,063,256</b>	<b>\$ 41,158,001</b>	<b>\$ 41,454,800</b>	<b>\$ 766,457</b>
<b>Liabilities</b>				
Salaries and amounts withheld therefrom	\$ 240,787	\$ 51,203,862	\$ 51,212,304	\$ 232,345
Accrued pension liability	822,469	8,700,760	8,989,117	534,112
Total liabilities	<b>\$ 1,063,256</b>	<b>\$ 59,904,622</b>	<b>\$ 60,201,421</b>	<b>\$ 766,457</b>

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Total - Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 8,073,069	\$ 281,492,772	\$ 281,849,432	\$ 7,716,409
Accounts receivable	115,357	88,661	121,184	82,834
Due from other funds	-	132,246	132,246	-
Accrued interest receivable	1,759	2,185	1,759	2,185
Total assets	<b>\$ 8,190,185</b>	<b>\$ 281,715,864</b>	<b>\$ 282,104,621</b>	<b>\$ 7,801,428</b>
<b>Liabilities</b>				
Deposits held	\$ 4,039,313	\$ 235,476,776	\$ 236,061,379	\$ 3,454,710
Undistributed receipts	511,968	873,310	910,090	475,188
Salaries and amounts withheld therefrom	240,787	51,203,862	51,212,304	232,345
Accrued pension liability	822,469	8,700,760	8,989,117	534,112
Due to other funds	2,575,648	85,687,356	85,157,931	3,105,073
Total liabilities	<b>\$ 8,190,185</b>	<b>\$ 381,942,064</b>	<b>\$ 382,330,821</b>	<b>\$ 7,801,428</b>

# **DRAIN COMMISSION COMPONENT UNIT**

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## **Description of Funds**

# DRAIN COMMISSION COMPONENT UNIT

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The following funds are used to account for the Ingham County Drain Commission's Debt Service:

## Special Assessment Debt

- Regular Drain --** This fund is used to account for monies accumulated for payment of principal and interest on long-term notes of the Regular Drain Construction Fund. Monies for the operation of this fund are derived from special assessments against benefiting property owners and at large assessments against local government units.
- Diehl Consolidated Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Stoner Clement Branch Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Cook and Thorburn Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Tollgate Drain --** This fund is used to account for the retirement of bonds related to the Tollgate drain construction project. Monies accounted for in this fund are provided by special assessments against Ingham County, the City of Lansing and interest on invested funds.
- Proctor Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Groesbeck Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Webberville Drain #2 --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.
- Williamston Drain --** This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

# DRAIN COMMISSION COMPONENT UNIT

CONTINUED

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The following capital projects funds are used to account for the construction activity of the Ingham County Drain Commission:

## Capital Projects

**Regular Drain --** This fund is used to record construction, maintenance expenditures, and storm repair for all drains which are not accounted for in other drain capital projects funds.

**Revolving Drain --** This fund is used to account for monies advanced for engineering, surveys, and other preliminary costs of new drains. Monies for the operation of this fund are supplied by an advance from the County General Fund and reimbursements from drain funds as special assessments are collected. This fund is reported as a capital project fund in accordance with guidelines issued by the State of Michigan Department of Treasury.

**Drain Revolving Maintenance --** This fund is used to account for maintenance service work on established drains. Monies for the operation of this fund are supplied by interest earned on investments and reimbursement from drain funds as special assessments are collected.

**GIS Study --** This fund is used to account for the development of a Geographic Information System (GIS) for the development of a comprehensive plan to manage the utilization and conservation of water and related land resources.

**Diehl Consolidated Drain --** This fund is used to account for the construction and maintenance of the Diehl Consolidated Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

**Stoner Clement Branch Drain --** This fund is used to account for the construction and maintenance of the Stoner Clement Branch Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

**Cook and Thorburn Drain --** This fund is used to account for the construction and maintenance of the Cook and Thorburn Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

**Groesbeck Drain --** This fund is used to account for the construction and maintenance of the Groesbeck Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

**Williamston Drain --** This fund is used to account for the construction and maintenance of the Williamston Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

**Lake Lansing Maintenance --** This fund is used to account for the construction/restoration and maintenance costs of the Lake Lansing Improvement Project. Monies accounted for in this fund are provided by proceeds from the sale of bonds, special assessments and interest on invested funds.

# DRAIN COMMISSION COMPONENT UNIT

CONCLUDED

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The following internal service fund is used to account for operations that provide services to other funds on a cost-reimbursement basis:

## Internal Service

**Drain Equipment Revolving Fund --** This fund is used to account for the purchase and maintenance of equipment used on various drains.

**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Statement of Net Assets and Governmental**  
**Funds Balance Sheet**  
**December 31, 2005**

	<b>Governmental Fund Types</b>					
	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Internal Service</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>						
Cash	\$ 1,938,303	\$ 11,404,012	\$ 446,503	\$ 13,788,818	\$ -	\$ 13,788,818
Special assessments receivable	24,548,529	1,061,494	-	25,610,023	-	25,610,023
Accrued interest receivable	6,223	14,313	-	20,536	-	20,536
Due from other funds	361,742	1,409,055	129,219	1,900,016	(1,900,016)	-
Due from other governmental units	725,583	38,413	-	763,996	-	763,996
Inventory	-	-	17,654	17,654	-	17,654
Unamortized bond issuance costs	-	-	-	-	160,983	160,983
Capital assets, net:						
Assets not being depreciated	-	-	-	-	11,517,753	11,517,753
Assets being depreciated	-	-	164,706	164,706	21,011,815	21,176,521
<b>Total assets</b>	<b>\$ 27,580,380</b>	<b>\$ 13,927,287</b>	<b>\$ 758,082</b>	<b>\$ 42,265,749</b>	<b>30,790,535</b>	<b>73,056,284</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 83,245	\$ 18,573	\$ 101,818	-	101,818
Other accrued liabilities	-	-	-	-	174,267	174,267
Bond interest payable	22,446	-	-	22,446	-	22,446
Salaries and amounts withheld therefrom	-	-	12,307	12,307	-	12,307
Due to other funds	390,829	1,389,327	119,860	1,900,016	(1,900,016)	-
Due to primary government	-	-	275	275	-	275
Advances from primary government	-	633,500	-	633,500	-	633,500
Due to other governmental units	677,460	-	-	677,460	-	677,460
Notes payable:						
Special assessments	-	3,772,870	-	3,772,870	-	3,772,870
Long-term liabilities:						
Due within one year	-	-	-	-	1,140,296	1,140,296
Due in more than one year	-	-	-	-	23,397,681	23,397,681
Compensated absences	-	-	29,273	29,273	-	29,273
Deferred revenue	24,589,917	1,203,406	119,895	25,913,218	(25,788,930)	124,288
<b>Total liabilities</b>	<b>25,680,652</b>	<b>7,082,348</b>	<b>300,183</b>	<b>33,063,183</b>	<b>(2,976,702)</b>	<b>30,086,481</b>
<b>Fund balance/net assets</b>						
Fund balance						
Reserved for debt service	1,899,728	-	-	1,899,728	(1,899,728)	
Unreserved	-	6,844,939	457,899	7,302,838	(7,302,838)	
<b>Total fund balance</b>	<b>1,899,728</b>	<b>6,844,939</b>	<b>457,899</b>	<b>9,202,566</b>	<b>(9,202,566)</b>	
<b>Total liabilities and fund balance</b>	<b>\$ 27,580,380</b>	<b>\$ 13,927,287</b>	<b>\$ 758,082</b>	<b>\$ 42,265,749</b>		
<b>Net Assets</b>						
Invested in capital assets, net of related debt					4,544,410	4,544,410
Restricted for debt service					1,899,728	1,899,728
Unrestricted					36,699,932	36,525,665
<b>Total net assets</b>					<b>\$ 43,144,070</b>	<b>\$ 42,969,803</b>

**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Reconciliation of Governmental Fund Balance Sheet**  
**to Statement of Net Assets**  
**December 31, 2005**

Fund balances - governmental funds	\$ 9,202,566
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds.

Add - capital assets	42,317,579
Deduct - accumulated depreciation	(9,788,011)

Other long-term assets are not available to pay for current-period  
expenditures and therefore are not recorded in the funds.

Add - long-term special assessments receivable included in deferred assets	25,788,930
Add - unamortized bond issue costs	160,983

Long-term liabilities are not due and payable in the current period and are  
not reported in the funds:

Deduct - bonds payable	(24,537,977)
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Some expenses reported in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
governmental funds.

Deduct - accrued interest on bonds payable	<u>(174,267)</u>
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Net assets of governmental activities	<u><u>\$ 42,969,803</u></u>
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**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Statement of Activities and Governmental Funds**  
**Revenue, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>					
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenue</b>						
Special assessments	\$ 1,795,946	\$ 1,230,151	\$ -	\$ 3,026,097	\$ 8,885,040	\$ 11,911,137
Charges for services	-	1,500	696,638	698,138	(696,638)	1,500
Interest	54,545	89,842	-	144,387	-	144,387
Other	-	154,212	465,256	619,468	(465,256)	154,212
Total revenue	1,850,491	1,475,705	1,161,894	4,488,090	7,723,146	12,211,236
<b>Expenditures/expenses</b>						
Administrative and other operating expenses	-	-	1,256,495	1,256,495	(1,256,495)	-
Depreciation expense	-	-	38,214	38,214	1,026,662	1,064,876
Capital outlay	-	3,254,322	-	3,254,322	(2,104,335)	1,149,987
Bond issuance costs	-	160,983	-	160,983	(160,983)	-
Debt service:						
Principal retirement	1,080,888	-	-	1,080,888	(1,080,888)	-
Interest and fiscal charges	651,391	82,626	-	734,017	64,579	798,596
Total expenditures/expenses	1,732,279	3,497,931	1,294,709	6,524,919	(3,511,460)	3,013,459
Revenue over (under) expenditures/expenses	118,212	(2,022,226)	(132,815)	(2,036,829)	11,234,606	9,197,777
<b>Other financing sources (uses)</b>						
Transfers in	330,278	416,787	-	747,065	(747,065)	-
Transfers (out)	(189,753)	(557,312)	-	(747,065)	747,065	-
Proceeds of note/debt issuance	-	10,092,633	-	10,092,633	(10,092,633)	-
Premium on debt issuance	-	24,216	-	24,216	(24,216)	-
Total other financing sources (uses)	140,525	9,976,324	-	10,116,849	(10,116,849)	-
Revenues over (under) expenditures and other financing sources	258,737	7,954,098	(132,815)	8,080,020	-	-
Change in net assets					1,117,757	9,197,777
Fund balance/net assets, beginning of year, as restated	1,640,991	(1,109,159)	590,714	1,122,546	32,649,480	33,772,026
Fund balance/net assets (deficit), end of year	\$ 1,899,728	\$ 6,844,939	\$ 457,899	\$ 9,202,566	\$ 33,767,237	\$ 42,969,803

**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Reconciliation of Governmental Fund Revenues, Expenditures**  
**and Changes in Fund Balance to the Statement of Activities**  
**For the Year Ended December 31, 2005**

Net change in fund balances - Governmental funds	\$ 8,080,020
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	2,198,936
Deduct - depreciation expense	(1,026,662)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add - change in deferred long-term special assessments receivable	8,885,040
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Deduct - proceeds from bond issuance	(10,092,633)
Deduct - premium on bond issuance	(24,216)
Add - bond issuance costs	160,983
Add - principal payments on long-term bonds and other debt	1,080,888

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deduct - increase in accrual for accrued interest payable	(64,579)
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Change in net assets of governmental activities	\$ 9,197,777
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**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Statement of Cash Flows**  
**Proprietary Fund Type - Drain Equipment Fund**  
**For the Year Ended December 31, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from customers and users	\$ 1,038,454
Payments to suppliers	(595,317)
Payments to employees	(603,757)
Net cash provided by operating activities	<u>(160,620)</u>

**CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	<u>(124,836)</u>
Net cash used by capital and related financing activities	<u>(124,836)</u>

Net decrease in cash and cash equivalents	(285,456)
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Cash and cash equivalents, January 1	<u>731,959</u>
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Cash and cash equivalents, December 31	<u><u>\$ 446,503</u></u>
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**Reconciliation of operating income to net cash provided  
(used) by operating activities:**

Operating income	<u>\$ (132,815)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	38,214
(Increase) decrease accounts receivable	-
(Increase) decrease due from other funds	(129,219)
(Increase) decrease due from primary government	-
(Increase) decrease inventories	1,745
Increase (decrease) accounts payable	(28,915)
Increase (decrease) salaries withheld	4,946
Increase (decrease) due to other funds	120,104
Increase (decrease) due to primary government	(500)
Increase (decrease) deferred revenue	<u>(34,180)</u>
Total adjustments	<u>(27,805)</u>

Net cash provided by operating activities	<u><u>\$ (160,620)</u></u>
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**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**December 31, 2005**

	Regular Drain	Diehl Consolidated	Stoner Clement Branch	Cook and Thorburn	Tollgate Drain
<b>Assets</b>					
Cash and cash equivalents	\$ 368,990	\$ 301,093	\$ 122,227	\$ 117,856	\$ 147,885
Special assessments receivable	13,949,071	2,157,603	655,918	667,533	3,006,578
Accrued interest receivable	1,174	873	376	620	340
Due from other funds	336,032	24,244	-	390	-
Due from other governmental units	692,594	-	-	-	32,989
Total assets	\$ 15,347,861	\$ 2,483,813	\$ 778,521	\$ 786,399	\$3,187,792
<b>Liabilities</b>					
Due to other governmental units	\$ 677,460	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	22,446	-	-	-	-
Due to other funds	200,000	-	-	-	37,433
Deferred revenue	13,963,979	2,173,720	659,164	671,586	3,006,578
Total liabilities	14,863,885	2,173,720	659,164	671,586	3,044,011
<b>Fund balances</b>					
Reserved for debt service	483,976	310,093	119,357	114,813	143,781
Total liabilities and fund balances	\$ 15,347,861	\$ 2,483,813	\$ 778,521	\$ 786,399	\$3,187,792

<b>Proctor Drain</b>	<b>Groesbeck Drain</b>	<b>Webberville Drain #2</b>	<b>Williamston Drain</b>	<b>Total</b>
\$ 151,883	\$ 368,940	\$ 47,730	\$ 311,699	\$ 1,938,303
-	2,112,162	258,968	1,740,696	24,548,529
437	1,160	157	1,086	6,223
-	-	-	1,076	361,742
-	-	-	-	725,583
<hr/>				
\$ 152,320	\$ 2,482,262	\$ 306,855	\$ 2,054,557	\$ 27,580,380
<hr/>				

\$ -	\$ -	\$ -	\$ -	\$ 677,460
-	-	-	-	22,446
152,320	-	1,076	-	390,829
-	2,114,820	259,374	1,740,696	24,589,917
<hr/>				
152,320	2,114,820	260,450	1,740,696	25,680,652
<hr/>				
-	367,442	46,405	313,861	1,899,728
<hr/>				
\$ 152,320	\$ 2,482,262	\$ 306,855	\$ 2,054,557	\$ 27,580,380
<hr/>				

**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Debt Service Funds**  
**Combining Statement of Revenue, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	<b>Regular Drain</b>	<b>Diehl Consolidated</b>	<b>Stoner Clement Branch</b>	<b>Cook and Thorburn</b>	<b>Tollgate Drain</b>
<b>Revenue</b>					
Special assessments	\$ 534,635	\$ 329,344	\$ 90,104	\$ (37,206)	\$ 385,481
Interest	10,908	6,966	3,076	5,927	2,620
Total revenue	545,543	336,310	93,180	(31,279)	388,101
<b>Expenditures</b>					
Debt service:					
Principal retirement	365,888	125,000	35,000	35,000	235,000
Interest and fiscal charges	152,561	80,756	28,245	28,541	156,923
Total expenditures	518,449	205,756	63,245	63,541	391,923
Revenue over (under) expenditures	27,094	130,554	29,935	(94,820)	(3,822)
<b>Other financing sources</b>					
Transfers in	330,278	-	-	-	-
Transfers out	-	-	-	-	(37,433)
Total other financing sources (uses)	330,278	-	-	-	(37,433)
Net change in fund balances	357,372	130,554	29,935	(94,820)	(41,255)
Fund balance, beginning of year	126,604	179,539	89,422	209,633	185,036
Fund balance, end of year	\$ 483,976	\$ 310,093	\$ 119,357	\$ 114,813	\$ 143,781

<b>Proctor Drain</b>	<b>Groesbeck Drain</b>	<b>Webberville Drain #2</b>	<b>Williamston Drain</b>	<b>Total</b>
\$ -	\$ 258,606	\$ 49,698	\$ 185,284	\$ 1,795,946
3,781	10,485	1,370	9,412	54,545
3,781	269,091	51,068	194,696	1,850,491
-	150,000	30,000	105,000	1,080,888
-	105,325	15,185	83,855	651,391
-	255,325	45,185	188,855	1,732,279
3,781	13,766	5,883	5,841	118,212
-	-	-	-	330,278
(152,320)	-	-	-	(189,753)
(152,320)	-	-	-	140,525
(148,539)	13,766	5,883	5,841	258,737
148,539	353,676	40,522	308,020	1,640,991
\$ -	\$ 367,442	\$ 46,405	\$ 313,861	\$ 1,899,728

**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Capital Projects Funds**  
**Combining Balance Sheet**  
**December 31, 2005**

	<b>Regular Drain</b>	<b>Revolving Drain</b>	<b>Drain Revolving Maintenance</b>	<b>GIS Study</b>	<b>Diehl Consolidated</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 10,335,789	\$ 272,648	\$ 54,601	\$ 3,115	\$ 113,061
Special assessments receivable	1,061,494	-	-	-	-
Accrued interest receivable	9,048	-	463	7	-
Due from other funds	1,298,937	19,852	90,266	-	-
Due from other governmental units	38,413	-	-	-	-
Total assets	<u>\$ 12,743,681</u>	<u>\$ 292,500</u>	<u>\$ 145,330</u>	<u>\$ 3,122</u>	<u>\$ 113,061</u>
<b>Liabilities</b>					
Accounts payable	\$ 82,285	\$ -	\$ -	\$ -	\$ 570
Due to other funds	831,892	-	-	-	-
Advances from primary government	-	292,500	-	341,000	-
Special assessment short-term notes payable	3,772,870	-	-	-	-
Deferred revenue	1,203,406	-	-	-	-
Total liabilities	5,890,453	292,500	-	341,000	570
<b>Fund balances (deficit)</b>					
Unreserved, undesignated	<u>6,853,228</u>	<u>-</u>	<u>145,330</u>	<u>(337,878)</u>	<u>112,491</u>
Total liabilities and fund balances	<u>\$ 12,743,681</u>	<u>\$ 292,500</u>	<u>\$ 145,330</u>	<u>\$ 3,122</u>	<u>\$ 113,061</u>



<b>Stoner Clement Branch</b>	<b>Cook and Thorburn</b>	<b>Groesbeck Drain</b>	<b>Williamston Drain</b>	<b>Lake Lansing Maintenance</b>	<b>Totals</b>
\$ 13,042	\$ 57,105	\$ 387,231	\$ 165,423	\$ 1,997	\$ 11,404,012
-	-	-	-	-	1,061,494
83	45	3,911	747	9	14,313
-	-	-	-	-	1,409,055
-	-	-	-	-	38,413
<hr/>					
\$ 13,125	\$ 57,150	\$ 391,142	\$ 166,170	\$ 2,006	\$ 13,927,287
<hr/>					
\$ -	\$ 390	\$ -	\$ -	\$ -	\$ 83,245
79	44	391,142	166,170	-	1,389,327
-	-	-	-	-	633,500
-	-	-	-	-	3,772,870
-	-	-	-	-	1,203,406
<hr/>					
79	434	391,142	166,170	-	7,082,348
<hr/>					
13,046	56,716	-	-	2,006	6,844,939
<hr/>					
\$ 13,125	\$ 57,150	\$ 391,142	\$ 166,170	\$ 2,006	\$ 13,927,287
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**INGHAM COUNTY, MICHIGAN**  
**Drain Commission Component Unit**  
**Capital Projects Funds**  
**Combining Statement of Revenue, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2005**

	Regular Drain	Revolving Drain	Drain Revolving Maintenance	GIS Study	Diehl Consolidated
<b>Revenue</b>					
Special assessments	\$ 1,107,338	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,500	-	-	-	-
Interest	57,929	-	2,942	72	22
Other	149,098	-	-	-	5,114
Total revenue	1,315,865	-	2,942	72	5,136
<b>Expenditures</b>					
Capital outlay	2,242,942	-	-	256,000	17,908
Debt service - interest and fiscal charges	82,626	-	-	-	-
Bond issuance costs	160,983	-	-	-	-
Total expenditures	2,486,551	-	-	256,000	17,908
Revenue over (under) expenditures	(1,170,686)	-	2,942	(255,928)	(12,772)
<b>Other financing sources</b>					
Transfers in	416,787	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds of note/debt issuance	10,092,633	-	-	-	-
Premium on debt issuance	24,216	-	-	-	-
Total other sources (uses)	10,533,636	-	-	-	-
Net change in fund balances	9,362,950	-	2,942	(255,928)	(12,772)
Fund balance (deficit), beginning of year	(2,509,722)	-	142,388	(81,950)	125,263
Fund balance (deficit), end of year	\$ 6,853,228	\$ -	\$ 145,330	\$ (337,878)	\$ 112,491

<b>Stoner Clement Branch</b>	<b>Cook and Thorburn</b>	<b>Groesbeck Drain</b>	<b>Williamston Drain</b>	<b>Lake Lansing Maintenance</b>	<b>Totals</b>
\$ -	\$ 122,813	\$ -	\$ -	\$ -	\$ 1,230,151
-	-	-	-	-	1,500
481	634	23,242	4,469	51	89,842
-	-	-	-	-	154,212
481	123,447	23,242	4,469	51	1,475,705
12,567	63,578	649,835	11,492	-	3,254,322
-	-	-	-	-	82,626
-	-	-	-	-	160,983
12,567	63,578	649,835	11,492	-	3,497,931
(12,086)	59,869	(626,593)	(7,023)	51	(2,022,226)
-	-	-	-	-	416,787
-	-	(391,142)	(166,170)	-	(557,312)
-	-	-	-	-	10,092,633
-	-	-	-	-	24,216
-	-	(391,142)	(166,170)	-	9,976,324
(12,086)	59,869	(1,017,735)	(173,193)	51	7,954,098
25,132	(3,153)	1,017,735	173,193	1,955	(1,109,159)
\$ 13,046	\$ 56,716	\$ -	\$ -	\$ 2,006	\$ 6,844,939

# STATISTICAL SECTION

Table 1  
**INGHAM COUNTY, MICHIGAN**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) - UNAUDITED**  
**LAST TEN YEARS**

Year	Public Safety	Judicial	Public Works	Culture & Recreation	General Government	Health	Welfare	Education	Economic Development	Capital Outlay	Debt Service	Intergovernmental	Total
2005	\$ 35,388,965	\$ 2,866,526	\$12,132,110	\$ 4,766,452	\$ 19,467,957	\$ 32,401,618	\$ 15,641,643	\$ 73,614	\$ 581,923	\$ 1,108,892	\$ 3,239,205	\$ -	\$ 127,668,905
2004	29,995,061	12,023,753	2,759,841	4,597,721	19,899,064	30,742,517	13,332,997	71,805	526,534	2,811,246	4,559,459	-	121,319,998
2003	27,437,183	11,552,478	2,809,368	4,581,135	17,878,884	32,454,490	11,428,712	80,221	320,648	757,890	4,326,173	-	113,627,182
2002	26,105,783	12,188,197	2,417,321	4,100,625	12,708,745	31,118,640	13,324,208	80,290	238,522	1,273,896	5,666,357	-	109,222,584
2001	24,696,404	12,451,001	2,501,948	3,815,151	12,326,925	27,629,925	13,718,492	140,798	386,038	783,351	5,176,112	4,253,313	107,879,458
2000	22,503,232	10,721,251	2,413,874	3,575,349	12,225,303	24,375,321	12,270,377	723,373	1,931,369	1,113,167	5,156,952	1,792,743	98,802,311
1999	20,781,540	10,116,640	2,360,816	3,563,638	11,803,149	22,148,615	11,403,277	1,318,247	564,394	896,648	5,100,130	-	90,057,094
1998 (3)	19,948,585	9,629,076	1,695,414	3,326,715	11,816,029	19,291,136	10,571,545	127,092	223,077	1,038,053	4,614,091	-	82,280,813
1997	19,029,079	9,369,540	1,479,658	3,145,232	10,630,639	18,592,459	9,953,881	2,148,445	271,123	1,124,898	3,830,279	-	79,575,233
1996 (2)	17,540,329	8,955,027	1,996,919	3,037,013	10,893,016	13,921,066	9,548,305	1,784,322	256,455	1,338,713	4,057,574	-	73,328,739

- (1) Includes general, special revenue, debt service and capital projects funds; excludes discretely presented component units.  
(2) Amounts for the Health special revenue fund are presented for nine months due to the change in the fiscal year end to September 30.  
(3) County Library special revenue fund ceased during 1998 and its activities were assumed by the Capital Area District Library.

SOURCE: "Ingham County Comprehensive Annual Financial Report"

**Table 2**  
**INGHAM COUNTY, MICHIGAN**  
**GENERAL GOVERNMENTAL REVENUE BY SOURCE (1) - UNAUDITED**  
**LAST TEN YEARS**

<b>Year</b>	<b>Taxes</b>	<b>Licenses &amp; Permits</b>	<b>Inter- govern- mental</b>	<b>Charges for Services</b>	<b>Fines &amp; Forfeits</b>	<b>Interest</b>	<b>Other</b>	<b>Total</b>
2005	\$ 70,329,827	\$ 326,632	\$ 34,880,232	\$ 18,810,934	\$ 560,047	\$ 2,051,938	\$ 7,037,357	\$ 133,996,967
2004	67,672,210	281,608	32,151,122	20,543,194	482,258	1,980,759	4,670,364	127,781,515
2003	51,248,508	279,683	31,293,917	22,354,922	379,083	1,250,269	4,943,492	111,749,874
2002	45,662,613	257,247	34,476,011	17,479,435	422,270	1,771,053	5,114,982	105,183,611
2001	42,727,476	254,054	31,564,824	14,775,824	342,689	2,672,387	6,414,518	98,751,772
2000	41,737,234	227,152	30,382,034	13,861,229	366,033	3,461,895	5,542,651	95,578,228
1999	39,876,642	210,574	24,933,717	14,225,113	303,762	2,648,860	5,834,638	88,033,306
1998 (4)	38,036,187	207,507	25,563,287	10,485,199	394,405	2,578,691	4,582,391	81,847,667
1997 (3)	36,054,117	223,159	26,105,320	9,489,079	343,767	2,694,396	4,337,979	79,247,817
1996 (2)	35,215,487	209,141	22,454,787	8,826,592	352,144	2,746,648	2,127,626	71,932,425

(1) Includes general, special revenue, debt service, and capital projects funds; excludes discretely presented component units.

(2) Amounts for the Health special revenue fund are presented for nine months due to the change in the fiscal year end to September 30.

(3) Amount in "Other" includes proceeds from deferred asset.

(4) County Library special revenue fund ceased during 1998 and its activities were assumed by the Capital Area District Library.

SOURCE: "Ingham County Comprehensive Annual Financial Report"

**Table 3**  
**INGHAM COUNTY, MICHIGAN**  
**PROPERTY TAXES LEVIED AND COLLECTED - UNAUDITED**  
**LAST TEN YEARS**

Tax Levied December 1,	To Fund Operations in Year	Total Taxes Levied	AS OF MARCH 1 (1)		AS OF DECEMBER 31				
			Current Taxes Collected	Percent Collected	Delinquent Taxes Collected	Total Taxes Collected	Percent Collected	Remaining Delinquent Taxes	Percent Delinquent
7/1/2005	2005	\$ 14,480,309	\$ 13,759,454	95.02%	N/A	N/A	N/A	N/A	N/A
12/1/2004	2005	41,417,891	38,703,036	93.45%	1,714,627	40,417,663	97.59%	1,000,228	2.41%
12/1/2003	2004	39,330,637	36,963,851	93.98%	1,368,801	38,332,652	97.46%	997,985	2.54%
12/1/2002	2003	37,615,929	35,041,908	93.16%	1,495,377	36,537,285	97.13%	1,078,644	2.87%
12/1/2001	2002	35,977,360	33,634,506	93.49%	1,367,867	35,002,373	97.29%	974,987	2.71%
12/1/2000	2001	33,581,598	31,203,958	92.92%	1,340,976	32,544,934	96.91%	1,036,664	3.09%
12/1/1999	2000	32,626,075	30,521,107	93.55%	1,357,947	31,879,054	97.71%	747,021	2.29%
12/1/1998	1999	31,189,396	29,132,282	93.40%	1,100,379	30,232,661	96.93%	956,735	3.07%
12/1/1997	1998	29,820,655	28,044,898	94.05%	893,728	28,938,626	97.04%	882,029	2.96%
12/1/1996	1997	28,469,144	26,778,441	94.06%	889,689	27,668,130	97.19%	801,014	2.81%
12/1/1995	1996	27,292,060	25,633,516	93.92%	804,533	26,438,049	96.87%	854,011	3.13%

(1) Property taxes are levied December 1 of the preceding year and become delinquent March 1 of the current year.

SOURCE: Ingham County Treasurer

**Table 4**  
**INGHAM COUNTY, MICHIGAN**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY - UNAUDITED**  
**LAST TEN YEARS**

Tax Levied December 1,	To Fund Operations in Year	Real Property			Personal Property			Total Property			Ratio of Taxable to Estimated Actual Value
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value				
2005	2005 & 2006	\$ 6,637,926,684	\$ 16,944,905,420	\$ 562,928,382	\$ 1,126,160,658	\$ 7,200,855,066	\$ 18,071,066,078	39.8%			
2004	2005	6,261,742,099	15,875,639,726	586,121,357	1,172,574,128	6,847,863,456	17,048,213,854	40.2%			
2003	2004	5,915,713,118	14,754,908,654	573,483,999	1,149,301,254	6,489,197,117	15,904,209,908	40.8%			
2002	2003	5,619,964,700	13,535,418,756	580,695,289	1,164,365,204	6,200,659,989	14,699,783,960	42.2%			
2001	2002	5,274,843,750	12,395,171,424	551,578,034	1,103,695,666	5,826,421,784	13,498,867,090	43.2%			
2000	2001	4,912,019,682	11,258,587,480	531,758,793	1,063,682,768	5,443,778,475	12,322,270,248	44.2%			
1999	2000	4,679,859,604	10,364,584,308	576,496,657	1,153,027,298	5,256,356,261	11,517,611,606	45.6%			
1998	1999	4,476,617,550	9,594,750,096	549,844,065	1,099,688,130	5,026,461,615	10,694,438,226	47.0%			
1997	1998	4,234,200,542	8,875,741,260	536,754,655	1,073,509,310	4,770,955,197	9,949,250,570	48.0%			
1996	1997	4,031,784,377	8,360,159,646	521,115,888	1,042,231,776	4,552,900,265	9,402,391,422	48.4%			
1995	1996	3,946,334,013	7,892,668,026	461,404,389	922,808,778	4,407,738,402	8,815,476,804	50.0%			
1994	1995	3,743,388,734	7,486,402,942	438,656,503	877,313,006	4,182,045,237	8,363,715,948	50.0%			

SOURCE: Ingham County Equalization Report



**Table 5**  
**INGHAM COUNTY, MICHIGAN**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
(per \$1,000 of taxable value)  
**LAST TEN YEARS**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Schools	\$12.77	\$12.04	\$11.99	\$12.22	\$12.80	\$12.45	\$12.15	\$11.87	\$11.92	\$11.68
State Education Tax	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	6.00	6.00
Townships, Cities, and Villages	11.43	11.19	11.06	11.03	11.11	11.35	9.29	9.23	9.18	9.09
County Operating	6.45	6.45	6.45	6.45	6.45	6.45	6.35	6.35	6.35	6.35
Special Education	4.65	4.65	4.65	4.63	4.62	4.59	4.57	4.56	4.54	4.51
Intermediate School	0.20	0.20	0.20	0.20	0.19	0.19	0.19	0.19	0.19	0.19
Vocational Education	1.35	1.35	1.34	1.34	1.32	1.32	1.31	1.31	1.30	1.30
Community College	2.94	2.94	2.94	2.92	2.91	3.89	3.87	3.85	3.84	3.81
District Library	-	1.00	1.00	0.99	1.28	1.27	1.26	1.46	1.45	1.44
Airport Authority	0.24	0.20	0.19	0.17	0.16	0.17	0.11	0.50	0.47	0.47
Juvenile Justice	-	-	-	-	-	-	0.60	0.60	0.60	0.60
Bus System	0.98	1.38	1.38	1.37	1.37	1.39	2.20	2.19	2.18	2.17
County Transportation System	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Emergency Telephone System	0.70	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.84
	\$48.11	\$48.56	\$48.36	\$48.48	\$49.37	\$50.23	\$49.06	\$48.27	\$49.18	\$48.84

Note: The years as shown are those in which the taxes were levied; collections were made the subsequent year.

SOURCES: Ingham County Treasurer

**Table 6**  
**INGHAM COUNTY, MICHIGAN**  
**SPECIAL ASSESSMENTS**  
**BILLED AND COLLECTED - UNAUDITED**  
**LAST TEN YEARS**

<b>Year</b>	<b>Levy Year</b>	<b>Billed</b>	<b>Collected</b>	<b>Percent Collected</b>	<b>(1) Delinquent (Prepaid)</b>
2005	2004	\$ 2,051,146	\$ 2,051,146	100.0%	\$ -
2004	2003	2,018,083	2,018,083	100.0%	-
2003	2002	1,832,075	1,832,075	100.0%	-
2002	2001	1,150,655	1,150,655	100.0%	-
2001	2000	1,612,450	1,612,450	100.0%	-
2000	1999	1,522,635	1,522,635	100.0%	-
1999	1998	1,706,161	1,706,161	100.0%	-
1998	1997	2,195,549	2,195,549	100.0%	-
1997	1996	1,643,876	1,643,876	100.0%	-
1996	1995	1,655,025	1,655,025	100.0%	-
1995	1994	1,281,946	1,281,946	100.0%	-

SOURCE: Ingham County Drain Commissioner

**Table 7**  
**INGHAM COUNTY, MICHIGAN**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**AND NET BONDED DEBT PER CAPITA - UNAUDITED**  
**LAST TEN YEARS**

Year	(1) Population	(2) Taxable Value	(3) Gross Bonded Debt	(4) Less: Debt Service Fund Amounts	Less: Self- Supporting Portions	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita
2005	278,592	\$7,200,855,066	\$34,690,000	\$ 189,771	\$ 8,220,000	\$26,280,229	0.36%	\$ 94.33
2004	280,073	6,847,863,456	37,695,000	56,569	9,425,000	28,213,431	0.41%	100.74
2003	282,030	6,489,197,117	41,965,000	56,190	10,580,000	31,328,810	0.48%	111.08
2002	281,504	6,200,659,989	43,575,000	106,601	11,648,788	31,819,611	0.51%	113.03
2001	280,562	5,826,421,784	35,355,000	116,052	11,238,158	24,000,790	0.41%	85.55
2000	279,320	5,443,778,475	36,745,000	120,918	10,193,419	26,430,663	0.49%	94.63
1999	285,123	5,256,356,261	39,955,000	78,781	11,080,239	28,795,980	0.55%	100.99
1998	285,874	5,026,461,615	43,135,000	75,207	11,980,880	31,078,913	0.62%	108.72
1997	284,089	4,770,955,197	35,200,000	163,616	12,281,175	22,755,209	0.48%	80.10
1996	284,921	4,552,900,265	36,565,000	169,666	12,361,762	24,033,572	0.53%	84.35
1995	284,882	4,407,738,402	29,460,000	393,967	12,513,186	16,552,847	0.38%	58.10

(1) From Table 11

(2) From Table 4

(3) Amount does not include Special Assessment bonds and revenue bonds.

(4) Amount available for repayment of General Obligation Bonds.

**Table 8**  
**INGHAM COUNTY, MICHIGAN**  
**COMPUTATION OF LEGAL DEBT MARGIN - UNAUDITED**

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State Equalized Valuation	<u>\$ 9,035,533,039</u>
Legal debt limit (10% of SEV) (1)	\$ 903,553,304
Debt applicable to limitation - direct debt outstanding	<u>63,940,000</u>
<b>Legal debt margin</b>	<u><u>\$ 839,613,304</u></u>

(1) Article VII, Paragraph II of the Constitution of the State of Michigan of 1963, as amended.

**Table 9**  
**INGHAM COUNTY, MICHIGAN**  
**COMPUTATION OF DIRECT AND OVERLAPPING**  
**BONDED DEBT**

	<b>(1)</b> <b>Net Debt</b> <b><u>Outstanding</u></b>	<b>Percentage</b> <b>Applicable to</b> <b><u>Ingham County</u></b>	<b>Amount</b> <b>Applicable to</b> <b><u>Ingham County</u></b>
<b>Direct</b>			
Total direct debt outstanding	\$63,940,000	100.00%	\$ 63,940,000
Less: self-supporting and no County credit pledged debt			<u>(31,470,000)</u>
Net direct debt			<u>32,470,000</u>
<b>Overlapping</b>			
School Districts			487,565,503
Cities and Villages			88,678,985
Community College/Intermediate School District			42,407,053
Townships			<u>30,304,941</u>
Net overlapping debt			<u>648,956,482</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 681,426,482</u></u>

(1) Excludes self-supporting debt or that portion paid directly by benefiting municipalities.

SOURCE: Municipal Advisory Council of Michigan

**Table 10**  
**INGHAM COUNTY, MICHIGAN**  
**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL**  
**BONDED DEBT TO TOTAL GENERAL EXPENDITURES (1)**  
**LAST TEN YEARS**

<u>Year</u>	<u>Annual Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio</u>
2004	\$3,239,205	\$ 127,668,905	2.5%
2004	4,559,459	121,319,998	3.8%
2003	4,326,173	113,627,182	3.8%
2002	5,666,357	109,222,584	5.2%
2001	5,176,112	107,879,458	4.8%
2000	5,156,952	98,802,311	5.2%
1999	5,100,130	90,057,094	5.7%
1998	4,614,091	82,280,813	5.6%
1997	3,830,279	79,575,233	4.8%
1996	4,057,574	73,328,739	5.5%

(1) Includes general, special revenue, debt service, and capital project funds.

**Table 11**  
**INGHAM COUNTY, MICHIGAN**  
**DEMOGRAPHIC STATISTICS - UNAUDITED**

<u>Year</u>	<u>(a) Population</u>		<u>(b) Unemployment Rate</u>
2005	278,592	census	5.7%
2004	280,073	census	6.3%
2003	282,030	census	5.4%
2002	281,504	census	4.2%
2001	280,562	census	3.5%
2000	279,320	census	2.6%
1999	285,123	census	2.4%
1998	285,874	census	3.3%
1997	284,089	census	3.2%
1996	284,921	census	4.9%
1995	284,882	census	4.9%
1994	285,978	census	5.0%

<u>Year</u>	<u>(a) Population</u>	<u>(a) Median Age</u>	<u>(a) Per Capita Income</u>
2000	279,320	30.4 years	\$ 21,079
1990	281,912	27.8 years	13,740
1980	275,520	25.5 years	12,583
1970	261,039	23.5 years	10,719
1960	211,296	25.5 years	7,954
1950	172,941	27.2 years	n/a
1940	130,616	28.7 years	n/a
1930	116,538	27.2 years	n/a

**SOURCES:**

(a) U.S. Bureau of the Census

(b) Michigan Department of Labor and Economic Growth

n/a - not available.

**Table 12**  
**INGHAM COUNTY, MICHIGAN**  
**PROPERTY VALUE AND CONSTRUCTION**  
**LAST TEN YEARS**

<u>Year</u>	<u>Residential Construction</u>	
	<u>Number of units</u>	<u>Value</u>
2005	n/a	n/a
2004	814	\$ 128,533,127
2003	758	136,732,480
2002	695	109,163,366
2001	627	89,229,604
2000	695	99,501,082
1999	554	86,239,131
1998	575	72,816,836
1997	556	73,341,125
1996	488	65,775,280

**EQUALIZED PROPERTY VALUES BY USE**

<u>Year</u>	<u>Agriculture</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>	<u>Development</u>	<u>Personal</u>
2005	\$ 414,897,920	\$ 2,120,950,705	\$ 168,466,240	\$ 5,760,126,495	\$ 8,011,350	\$ 563,080,329
2004	404,972,248	1,998,244,275	168,792,430	5,354,028,810	11,782,100	586,287,074
2003	359,293,990	1,905,811,777	165,634,430	4,936,259,030	10,455,100	574,650,627
2002	315,840,922	1,773,997,520	153,252,687	4,519,165,149	5,453,100	582,182,602
2001	272,504,023	1,632,819,280	146,966,780	4,137,157,009	8,138,620	551,847,833
2000	219,659,063	1,426,260,228	138,489,692	3,837,722,999	7,161,758	531,841,384
1999	166,858,335	1,294,944,776	142,603,157	3,574,286,987	3,598,899	576,513,649
1998	144,604,408	1,184,184,722	152,338,315	3,311,772,800	4,474,803	549,844,065
1997	131,125,838	1,093,605,510	139,688,391	3,070,081,228	3,369,663	536,754,655
1996	126,548,285	1,038,826,837	132,852,069	2,873,388,151	4,384,962	521,115,888

SOURCES Construction Statistics Division, U.S. Bureau of the Census  
Ingham County Equalization Report

n/a - not available



**Table 13**  
**INGHAM COUNTY, MICHIGAN**  
**PRINCIPAL TAXPAYERS - UNAUDITED**

<b>Taxpayer</b>	<b>2005 Taxable Value</b>	<b>% of Total Taxable Value</b>
General Motors Corporation	\$ 184,031,145	40.34%
Consumers Energy	71,441,589	15.66%
Jackson National Life	31,901,307	6.99%
Inland Western Lansing Eastwood LLC	31,636,100	6.94%
525 Redevco Inc.	26,573,652	5.83%
Meridian Mall LTD Partnership	25,422,529	5.57%
Dart Container Corporation	25,416,956	5.57%
Meijer/Good Will Co., Inc.	24,811,224	5.44%
Capital Outlook LLC	17,517,336	3.84%
MEIP Borrower U LLC	17,423,864	3.82%
	<u><u>\$ 456,175,702</u></u>	<u><u>100.00%</u></u>

Properties subject to Commercial and Industrial Facilities Tax have been included in the above amounts at 50% of taxable value and are summarized as follows:

General Motors Corporation	\$ 54,949,450
Dart Container Corporation	1,039,169

SOURCE: Ingham County Equalization Department

**Table 14**  
**INGHAM COUNTY, MICHIGAN**  
**MISCELLANEOUS STATISTICS**  
**(Page 1 of 2)**

**LOCATION AND AREA:** Ingham County, 576 square miles, is located in the south central portion of Michigan's lower peninsula. Lansing, the State Capitol of Michigan, represents over one-half of the County's property valuation and is the largest retail center in the area. Several large industrial firms are located within the County with manufacturing, government and educational occupations representing the major employment sources. Also of importance is the agricultural field with dairy, livestock and general farming. Michigan State University, in the City of East Lansing, is one of the largest universities in the country with enrollment in excess of 40,000.

**MILES OF COUNTY MAINTAINED ROADS (1):**

Primary - 430.1 miles  
 Local Non-Subdivision - 457.71 miles paved and 95.39 miles gravel  
 Local Subdivision - 252.43 miles paved and 4.06 miles gravel  
 Bridges - 32 primary and 36 local

**POLICE PROTECTION PROVIDED BY THE COUNTY (2):**

Jail - 665 inmate capacity with 6 holding/observation cells  
 Vehicular patrol units - 45 automobiles, 7 paramedic vehicles and 2 powerboats  
 Number of employees - 217

**COUNTY PROVIDED RECREATIONAL FACILITIES (3):**

1,400 acres of park land	2 cross-country skiing areas	1 winter sport building
3 beaches	(with lodges and rentals)	
1 boat launch	4 softball fields	
4 canoe landings	21 miles of trails	
15 picnic areas	3 boat rentals	
2 sledding hills	1 canoe rental	
2 toboggan runs	9 soccer fields	

Other park facilities include basketball and volleyball courts, ball diamonds, horseshoe pits and playgrounds.

MAJOR EMPLOYERS:	<u>Product/Service</u>	<u>Number of Employees</u>
General Motors Corporation	Automobiles	16,000
State of Michigan	Government	13,517
Michigan State University	Higher education	12,200
Sparrow Hospital	Health care	6,000
Meijer, Inc.	Retail and warehousing	3,800
Lansing School District	Education	3,500
Ingham Regional Medical Center	Health care	2,800
Lansing Community College	Higher education	2,474
U.S. Postal Service	Government	1,300
City of Lansing	Government	1,295

- (1) Does not include roads maintained by other governmental units.  
 (2) Does not include police protection maintained by other governmental units.  
 (3) Does not include recreational facilities maintained by other governmental units.

**SOURCES:** Ingham Intermediate School District  
 Ingham County Road Commission  
 Ingham County Parks

**Table 14**  
**INGHAM COUNTY, MICHIGAN**  
**MISCELLANEOUS STATISTICS**  
**(Page 2 of 2)**

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**PRIMARY AND SECONDARY EDUCATION:**

Number of students:

Public:	
Kindergarten - Grade 6	24,094
Grades 7-12	20,812
Special Education	2,733
Other	281
Charter Schools	1,962

Number of schools:

High Schools	15
Junior High Schools	1
Middle Schools	16
Elementary Schools	65
Alternative Schools	12
Private Schools	22
Charter Schools	8

**POST-SECONDARY EDUCATION:**

Colleges and Universities:

Cooley Law School  
Great Lakes Christian College  
Lansing Community College  
Michigan State University

Other degree granting schools:

Central Michigan University;  
Master of Science in Administration  
Northwood University  
Bachelor of Business Administration  
Master of Business Administration  
Spring Arbor University  
Masters in Management Programs  
University of Michigan;  
Masters in Education  
Western Michigan University;  
Masters in Public Administration  
Post-Masters Certificate in  
Alcohol and Substance Abuse  
Doctor of Public Administration  
Applied Liberal Studies  
Health Studies

Non-accredited schools within Ingham County:

Davenport Business University  
Holloway's Real Estate Institute  
Lansing Computer Institute  
Ross Medical Education Center

**Table 15**  
**INGHAM COUNTY, MICHIGAN**  
**SALARIES AND SURETY BONDS OF**  
**PRINCIPAL OFFICIALS - UNAUDITED**

<u><b>Name and Title of Principal Official</b></u>	<u><b>Annual Salary</b></u>	<u><b>(1) Amount of Surety Bond</b></u>
Eric Schertzing, County Treasurer	\$ 84,778	\$ 100,000
Mike Bryanton, County Clerk	78,687	20,000
Paula Johnson, Register of Deeds	73,554	10,000
Patrick Lindemann, Drain Commissioner	73,554	50,000
Gene Wriggelsworth, Sheriff	106,128	10,000
Stuart Dunning III, Prosecuting Attorney	113,315	-

(1) In addition to individual surety bonds in these amounts as required by State law, all County employees, including these officials, are covered by a \$1,000,000 blanket bond.

SOURCE: Ingham County Board of Commissioner's Resolution

# INGHAM COUNTY, MICHIGAN



## SINGLE AUDIT ACT COMPLIANCE

**For The Year Ended  
December 31, 2005**



**REHMANN ROBSON**

*Certified Public Accountants*

**INGHAM COUNTY, MICHIGAN  
SINGLE AUDIT**

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**YEAR ENDED DECEMBER 31, 2005**

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**INGHAM COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA #	Pass-Through Grantor's Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>			
<u>Direct Program:</u>			
Food Distribution			
Entitlement commodities	10.550		\$ 8,564
Bonus commodities	10.550		<u>1,638</u>
Total Direct Program			<u>10,202</u>
<u>Passed-Through the Michigan Department of Education:</u>			
School Breakfast Program	10.553		11,767
National School Lunch Program			
Section 4	10.555		1,832
Section 11	10.555		<u>16,130</u>
Total passed-through the Michigan Department of Education			<u>29,729</u>
<u>Passed-Through the Michigan Department of Community Health:</u>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557		<u>807,260</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><b>847,191</b></u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>			
<u>Direct Programs:</u>			
Low Income Housing Assistance Program -			
Operating Subsidy	14.850		93,583
Section 8 Housing Choice Vouchers	14.871	MI-168-VO-0001	<u>472,627</u>
Total Direct Programs			<u>566,210</u>
<u>Passed-Through the Michigan Economic Development Corporation:</u>			
CDBG--Neogen Corporation Loan Project	14.228	MSC 203031-EDIL	<u>234,606</u>

**INGHAM COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA #</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<u>Passed-Through the Michigan State Housing Development Authority:</u>			
Community Development Block Grants	14.228	MSC 2002-0552-HO	\$ 69,823
Community Development Block Grants	14.228	MSC 2004-0552-HO	24,818
Community Development Block Grants	14.228	MSC 2002-0552-HOA	91,771
Total passed-through the Michigan State Housing Development Authority			186,412
<u>Passed-Through the Michigan Department of Community Health:</u>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		85,677
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			1,072,905
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>			
<u>Direct Programs:</u>			
Domestic Assault Response Team	16.590	2005-WE-BX-0094	8,332
Local Law Enforcement Block Grant	16.592	2002-LB-BX-0470	22,832
Total Direct Programs			31,164
<u>Passed-Through Michigan Crime Victim Services Commission:</u>			
Victims of Crime Act	16.575	20636-8V04	51,087
<u>Passed-Through the Michigan Department of Human Services</u>			
Juvenile Justice and Delinquency Prevention:			
Comprehensive Strategy	16.540	JJCSI 33001	115,039
Title V: Delinquency Prevention Program	16.548	DP 33001	81,583
Total Passed-Through the Michigan Department of Human Services			196,622



**INGHAM COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA #</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<u>Passed-Through the Michigan Office of Drug Control Policy and/or the City of Lansing:</u>			
Byrne Formula Grant Program -			
Special Prosecution Unit	16.579	70901-5-04-B	\$ 92,680
Sobriety Drug Court	16.738	72148-2-04-B	43,155
Total Passed-Through the Michigan Office of Drug Control Policy			135,835
<u>Passed-Through Michigan Department of Community Health</u>			
Criminal History Record Improvement--Live Scan	16.579	72210-1-04-B	215,448
Total Passed-Through Michigan Department of Community Health			215,448
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			630,156
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>			
<u>Passed-through Michigan Office of Highway Safety Planning:</u>			
State and Community Highway Safety	20.600		95,656
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		4,805
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			100,461
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
Brownfield Redevelopment Cooperative Agreement	66.818		2,063
<u>Passed-Through Michigan Department of Environmental Quality:</u>			
Capitalization Grants for Drinking Water			
State Revolving Funds -			
State Indoor Radon Grants	66.032		3,385
Arsenic Rule Implementation	66.468		350
Operator Cert	66.471		3,800
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			9,598

**INGHAM COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA #</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
<u>Passed-Through the Michigan Department of State Police:</u>			
State Domestic Preparedness Equipment Grant	97.004		\$ 861
2003 Exercise Grant	97.004		1,239
2003 Part II Training Grant	97.004		117,247
2003 Part II Solution Area Planner Grant	97.004		20,946
2004 Homeland Security Grant Program	97.004		842,009
2004 Emergency Management Performance Grant (EMPG)	97.042		197
2005 Homeland Security Grant Program	97.067		20,538
2005 Homeland Security Grant Program--EMPG	97.042		37,346
Hazard Mitigation Grant	97.039		33,051
Total Passed-Through the Michigan Department of State Police			<u>1,073,434</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>			<u>1,073,434</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
<u>Direct Programs:</u>			
Consolidated Health Centers (Health Care for the Homeless)	93.224		158,191
Medical Reserve Corps Small Grant Program	93.008		49,418
Total Direct Programs			<u>207,609</u>
<u>Passed-Through Capital Area</u>			
<u>Community Services</u>			
Head Start	93.600		<u>92,150</u>
<u>Passed-Through the Michigan Department of Community Health:</u>			
Tuberculosis Control Programs	93.116		19,091
Family Planning - Services	93.217		352,666
Childhood Immunization Grants	93.268		126,244
Immunization Grants--Value of Vaccines Provided	93.268		1,135,816
Public Health Preparedness	93.283		277,269
Wisewoman	93.283		27,321
Medical Assistance Program (Medicaid)	93.778		1,808,816
Breast and Cervical Cancer Control Program	93.919		350,190
HIV Prevention Program -			
HIV/AIDS Counseling and Testing	93.940		167,977
Preventative Health and Health Services Block Grant	93.991		49,763
Maternal and Child Health Services Block Grant	93.994		402,168
Adolescent Family Life: Demonstration Projects	93.995		206,002
Total Passed-Through the Michigan Department of Community Health			<u>4,923,323</u>

**INGHAM COUNTY, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA #</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<u>Passed-Through the Michigan Department of Human Services:</u>			
Promoting Safe and Stable Families	93.556		\$ 29,400
Temporary Assistance for Needy Families	93.558	CTFPR 03-33001	276,178
Family Support Payments to States	93.560		508,127
Child Support Enforcement:			
Friend of Court	93.563	CS/FOC-33001	2,973,090
Prosecuting Attorney	93.563	CS/PA-33002	521,824
Medical Support Payments	93.563		31,728
Refugee and Entrant Assistance	93.566	RA 02-33001	175,525
Child Care Development Block Grant	93.575		455,662
Matching Funds of the Child Care and Development Fund	93.596		<u>176,101</u>
Total Passed-Through the Michigan Department of Human Services			<u>5,147,635</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>10,370,717</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><b>\$ 14,104,462</b></u>

# INGHAM COUNTY, MICHIGAN

## Notes To Schedule Of Expenditures Of Federal Awards

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### 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ingham County, Michigan (the "County") and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

\* \* \* \* \*



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

June 29, 2006

To the Board of Commissioners  
of Ingham County  
Mason, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **INGHAM COUNTY, MICHIGAN** as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Ingham County, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of **Ingham County, Michigan** in a separate letter dated June 29, 2006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *Ingham County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of *Ingham County* in a separate letter dated June 29, 2006.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

June 29, 2006

To the Board of Commissioners  
of Ingham County  
Mason, Michigan

**Compliance**

We have audited the compliance of ***Ingham County, Michigan*** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. ***Ingham County, Michigan's*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ***Ingham County, Michigan's*** management. Our responsibility is to express an opinion on ***Ingham County, Michigan's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Ingham County, Michigan's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***Ingham County, Michigan's*** compliance with those requirements.

In our opinion, *Ingham County, Michigan*, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

### **Internal Control Over Compliance**

The management of *Ingham County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Ingham County, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Ingham County, Michigan* as of and for the year ended December 31, 2005, and have issued our report thereon dated June 29, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Ingham County's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.



# INGHAM COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2005

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes    X no

Reportable condition(s) identified  
not considered to be material weaknesses?

\_\_\_\_\_ yes    X none reported

Noncompliance material to financial statements  
noted?

\_\_\_\_\_ yes    X no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes    X no

Reportable condition(s) identified  
not considered to be material weaknesses?

\_\_\_\_\_ yes    X none reported

Type of auditors' report issued on compliance  
for major programs:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section 510(a)?

\_\_\_\_\_ yes    X no

# INGHAM COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2005

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### SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.004 & 97.067	Homeland Security Cluster
14.871	Section 8 Housing Choice Vouchers
93.994	Maternal and Child Health Services
	Block Grant
93.778	Medical Assistance Program (Medicaid)

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$423,134

Auditee qualified as low-risk auditee?

X  yes        no

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

### SECTION IV – PRIOR YEAR FINDINGS

None.

\* \* \* \* \*



# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP



June 29, 2006

To the Board of Commissioners of the  
Ingham County  
Mason, Michigan

We have audited the financial statements of Ingham County for the year ended December 31, 2005, and have issued our report thereon dated June 29, 2006. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133**

As stated in our engagement letter dated January 19, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Ingham County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Ingham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Ingham County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Ingham County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Ingham County's compliance with those requirements.

**Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Ingham County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Ingham County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.

**Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Ingham County's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Ingham County, either individually or in the aggregate, indicate matters that could have a significant effect on Ingham County's financial reporting process.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ingham County’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing our audit.

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

# **Ingham County**

## **Comments and Recommendations**

**For the Year Ended December 31, 2005**

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During our audit we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated June 29, 2006 on the financial statements of Ingham County.

### **PRIOR YEAR COMMENT – Controls over Depository and Off-Books Cash Accounts**

The County has several depository and “off-book” accounts for which activity is not recorded on the County’s general ledger. For depository accounts, revenue deposited into the bank is recorded through departmental transmittals, which are periodically sent by check to the Treasurer’s office for deposit into the pooled cash accounts. “Off-book” accounts are never recorded on the general ledger of the County, but the balances are summarized at year-end and added into the Trust and Agency Fund for presentation on the financial statements.

During our audit, we examined the bank reconciliations for both the depository cash accounts and “off-book” accounts. In several instances, we noted amounts, which were being held in these accounts that had not been transmitted or distributed to the County or other entities in a timely fashion. In addition, certain accounts had “unreconciled” differences that could not be explained by personnel. These issues lead to potential misstatements of financial statements and increased risks of fraud. We recommend that the County immediately commit necessary personnel to perform reconciliations in a timely manner assuring that all funds received by the County are properly recorded and distributed in required timeframes. In addition, we recommend that the activity of all accounts held by the County be recorded on the general ledger so that the County’s financial statements properly agree to the underlying financial reporting system.

### **Deficit Net Assets**

At year end, the County’s Insurance Internal Service Fund had a deficit net asset balance of \$522,092. In prior years, the net assets of this fund had been in excess of amounts allowed under OMB Circular A-87. As a result, the County had discontinued charges to other funds in order to reduce net assets. These charges were reinstated part way through the year ended December 31, 2005. However, the charges made to other funds were not enough to cover all costs including those incurred but not reported.

The County Drain Commission’s GIS Study Capital Projects Fund had a deficit net asset balance of \$337,878 at year end. The deficit in this fund increased by \$255,928 from the prior year due to costs incurred without any contributions made from other funds or agencies.

The County has filed deficit elimination plans for both of the above funds that provide for elimination of the deficits during the year ended December 31, 2006. We recommend that management closely monitor the activities of these funds to assure that the plans are accomplished.

# **Ingham County**

## **Comments and Recommendations**

**For the Year Ended December 31, 2005**

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### **District Court Bonds Payable**

During our audit, we compared the balance recorded on the general ledger for District Court bonds payable to subsidiary records maintained by the 55<sup>th</sup> District noting a discrepancy of approximately \$7,000. Inquiry of management indicated that the subsidiary records were not reconciled to the general ledger on a routine basis. We recommend that management institute policies to ensure that this account along with all other agency fund balances be reconciled on a timely basis. The timely reconciliation of accounts is essential to mitigate risks of fraud and financial statement misstatement.

### **Grant Administration and Single Audit Preparation**

As is the case with many County governments, Ingham County administers a vast array of federal and state grants throughout its many departments. The function of grant administration, then, is very decentralized. In connection with the annual single audit of federal programs, the County is required to provide the auditors with a schedule of expenditures of federal awards, and to aggregate and reconcile supporting documentation for all of its federal grants. This can be a very time consuming and difficult process, especially if the required records are not collected throughout the year.

For the 2005 single audit, management was able to provide us with a reasonably complete schedule of expenditures of federal awards. However, several significant adjustments to this schedule were required and several grant tie-out reconciliations were not completed in a timely manner. We recommend that the County give consideration to the creation of a centralized grants administration function to streamline this process and better oversee compliance for the County's many federal and state grant programs.

### **New Accounting Pronouncements**

Beginning with the fiscal years ended December 31, 2006 and 2007, the County will be required to comply with the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. These new standards require governments to recognize the cost of postemployment healthcare and other benefits following actuarial methods similar to its pension accounts. The new standards could have a significant impact on the financial position of the County as it is not currently advance funding these benefits.

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